STANDING COMMITTEE ON ENERGY

(2002)

THIRTEENTH LOK SABHA

THIRTIETH REPORT

DEPARTMENT OF COAL

DEMANDS FOR GRANTS (2002-2003)

Presented to Lok Sabha on 23.4.2002

Laid in Rajya Sabha on 24.4.2002

LOK SABHA SECRETARIAT
NEW DELHI
April, 2002/Chaitra, 1924 (Saka)

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* Nominated to the Committee w.e.f. 5th March,2002
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* Ceased to be Member of the Committee w.e.f 9th April, 2002 consequent upon his retirement from Rajya Sabha

** Ceased to be Member of the Committee w.e.f 2nd April, 2002 consequent upon his nomination to the Standing Committee on Defence.

*** Nominated to the Committee w.e.f. 7th February,2002

@ Ceased to be Member of the Committee w.e.f. 4th January,2002 consequent upon his nomination to the Standing Committee on External Affairs.

@@ Nominated to the Committee w.e.f. 21st January, 2002

INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorized by the Committee to present the Report on their behalf, present this Thirtieth Report (Thirteenth Lok Sabha) on Demands for Grants (2002-03) relating to the Department of Coal.

2. The Committee took evidence of the representatives of the Department of Coal on 19th March, 2002.

3. The Committee wish to thank the representative of the Department of Coal who appeared before the Committee and placed their considered views. They also wish to thank the Department for furnishing the replies on the points raised by the Committee.

4. The Report was considered and adopted by the Committee at their sitting held on 10th April, 2002.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

NEW DELHI;	SONTOSH MOHAN DEV,
10 April, 2002	Chairman,
20 Chaitra, 1924 (Saka)	Standing Committee on Energy.

PART I

REPORT

CHAPTER I

INTRODUCTORY

Coal is the "Prime Mover" of the industry and meets over 63% of the country's energy demand. As over 70% electricity generated in the country comes from coal, it s natural that the power sector is a major consumer of coal. Present coal consumption in the country is around 345 million tonnes of which the requirement of power industry including captive plants is about 260 million tonnes. In addition, other industries like steel, cement, fertilizers, chemicals, paper and thousands of medium and small-scale industries are dependent on coal for their process and energy requirements. In the transport sector, though direct consumption of coal by the Railways is nominal on account of phasing out of steam locomotives, the increasing electrified traction of the Railways is dependent on coal converted to electric power. It is well recognised that in view of limited hydro carbon resources and environmental issues associated with exploitation of hydel potential as well as for setting up of nuclear power projects, coal will continue to be a major source of commercial energy in the country at least for next few decades. Coal production at the time of independence was 30 million tonnes, which grew to 72 million tonnes in 1972-73, when coal mining was nationalised. Since then coal mining witnessed all round development under coal PSUs which led to current level of production to 325 mt of coal and 22 mt of lignite. The capital investment during 9th Five Year Plan for Coal India Limited (CIL), Singareni Colliery Company Ltd.(SCCL) and Neyveli Lignite Corporation(NLC) is around Rs. 13,448 crore. In order to meet the rising coal demand for power industry and other consumers, it is estimated that an additional annual availability of around 25 million tonnes of coal will be required by the year 2015. Having regard to need for achieving an optimal level of self-sufficiency in a crucial area such as energy and also considering the heavy dependence of railways system on transport of coal for their revenue - it account for 48% of railways freight earnings - it is evident that most of the additional coal demand in the coming two decades may have to be met through increasing domestic output.

1.2 The Department of Coal is engaged in developing coal resources in the country in a manner that requirements of coal of different consuming sectors are met in full and their dependence on oil/imported coal is minimised. This in turn would require due and timely action on all the coal projects-cycle activities like coal beneficiation /washing, loading and transport facilities and measures for worker's safety and welfare. Other ancillary and value addition activities like production of soft coke, low temperature carbonisation of coal for smoke less and coal gassification would also require urgent attention. Exploration for new projects and R&D projects are important activities, undertaken by the Department of Coal. In addition, the Neyveli Lignite Corporation under the Department of Coal is engaged in the exploitation of lignite deposits and generation of power from lignite-based power projects. In sum, the main subjects allocated to the Department under the Government of India (Allocation of Business) Rules, 1961, as amended from time to time, are exploitation and development of coking coal and non-coking coal and lignite deposits in India; all matters pertaining to production, supply, distribution and prices of coal; development and operation of coal washeries; low temperature carbonization of coal and production of synthetic oil from coal; administration of Coal Mines (Conservation and Development)Act, 1974, Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948, Coal Bearing Areas(Acquisition and Development) Act, 1957, Mines and Minerals (Regulation and Development)Act, 1957, the Coal Mines Provident Fund Organization; Coal Mines Welfare Organization; and administration of Public Sector Enterprises dealing with coal and lignite.

1.3 The coal production capacity is required to be doubled in the coming decades. While the projected demand by the end of X Five Year Plan is 448 mt (excluding middlings the expected demand by the end of XI (2011-12) and XII (2016-17) Five Year Plan will be around 620 mt and 780 mt respectively. Therefore, the present growth of 4%(over 2000-01) has to be accelerated for which the funds required during 10th Plan would be of the order of Rs. 31596.04 crore. This huge investment has to be mobilised if coal demand of the country is to be met through domestic coal production.

1.4 The Department of Coal has under its direct administrative control the following two Public Sector Undertakings:-

(i) Coal India Ltd., and
(ii) Neyveli Lignite Corporation Ltd.

1.5 Coal India Ltd., having headquarters at Calcutta, is the holding company with seven producing subsidiaries and one planning and design subsidiary, viz:-

(i) Eastern Coalfields Limited (ECL), Sanctoria (West Bengal)
(ii) Bharat Coking Coal Limited (BCCL), Dhanbad (Jharkhand)
(iii) Central Coalfields Limited (CCL), Ranchi (Jharkhand)
(iv) Northern Coalfields Limited (NCL), Singrauli (Madhya Pradesh)
(v) Western Coalfields Limited (WCL), Nagpur (Maharashtra)
(vi) South Eastern Coalfields Limited (SECL), Bilaspur (Chattisgarh)
(vii) Mahanadi Coalfields Limited (MCL), Sambalpur(Orissa)
(viii) Central Mines Planning & Design Institute Limited (CMPDIL), Ranchi (Jharkhand)

1.6. The Singareni Collieries Company Limited incorporated as a public limited company in 1920 became a Government company in 1956 with headquarters at Kothagudem in Andhra Pradesh. The company is a joint venture undertaking of Government of Andhra Pradesh and Government of India. The share capital of this company is held by the Government of Andhra Pradesh and Government of India in the ratio of 51:49 respectively. This company is engaged in the exploitation of coal reserves in the State of Andhra Pradesh.

1.7 The following subordinate offices and autonomous organisations are functioning under the administrative control of Department of Coal: -

(i) Coal Controller's Organisation, with headquarters at Calcutta - a subordinate office.

(ii) Coal Mines Provident Fund Organisation, with headquarters at Dhanbad – an autonomous organization.

(iii) Commissioner of Payments Office, with headquarters at Calcutta - a subordinate office.

1.8 The Coal Controller's Organisation is a subordinate office of the Department of Coal, with its headquarters at Calcutta and field offices at Dhanbad, Asansol, Ranchi, Sambalpur, Bilaspur, Nagpur and Delhi.

Plan Outlay

1.9 The Capital Plan outlay of the Department is substantially to meet the financial requirements of the three Public Sector Undertakings viz. Neyveli Lignite Corporation Limited, Coal India Limited and Singareni Collieries Company Limited for Plan investments in mining projects. Though the Plan outlays of the companies are now being largely financed through their internal resources or through extra budgetary resources, some budget support is also provided. The budget support as a percentage of the total Plan outlay has steadily been coming down. This budget support is provided by the Government of India either by way of loan or equity to the companies. In addition to this, provision for the Plan schemes of Research and Development, Regional Exploration, Environmental Measures and Subsidence control, Detailed Drilling, Voluntary Retirement Scheme in PSUs and Rehabilitation, Control of Fire and Subsidence in Jharia and Raniganj Coalfields are also made under Revenue Plan outlay. The Indian coal industry at present gets technical and financial co-operation from France, Germany, United Kingdom, Australia, Russia, Belarus, Czech Republic and China. Assistance is also received from multilateral agencies like World Bank. Financing from Japan EXIM Bank has been received. External credit which was earlier routed through budget is now mostly available directly from foreign agencies to the Public Sector Undertakings.

Non-Plan Outlay

1.10 A substantial portion of the non-plan outlay of the Department of Coal is meant for schemes which are financed from the excise duty levied under the provisions of Coal Mines (Conservation and Development) Act, 1974 and can, therefore, be termed as self financing (74.03%). Subsidy to coal companies towards reimbursement of part expenditure for conservation and protective measures and development of roads, railways and transport infrastructure in coalfield areas are funded out of these receipts. Another major segment (20.06%) of the non-plan outlay is to meet the statutory obligations of the Government under the provisions of Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948, contribution to Coal Mines Pension Scheme, 1998 and Coal mines Deposit Linked Insurance Scheme, 1976. Only 5.9% of the non-plan budget is meant for meeting the Secretariat expenditure and for the offices of Coal Controller and Commissioner of Payments, Calcutta.

1.11 The observations of the Committee on the basis of scrutiny of Demands for Grants of the Department for the year 2001-02 are brought out in the succeeding chapters. The Committee approve the Demands presented by the Government subject to their Observations, Recommendations which are contained in the succeeding chapters.

CHAPTER II

ANALYSIS OF DEMANDS FOR GRANTS (2002-03) OF
DEPARTMENT OF COAL

2.1 The Department of Coal have presented Demands for Grants of Rs.479.52 crore for the year 2002-03 against Budget Estimates of Rs.804.50 crore and Revised Estimates of Rs.618.43 crore for the year 2001-02. The details of the Department's demands under revenue section and details relating to capital section with reference to public enterprises are shown at **Annexure-I**. The various points arising out of the scrutiny of Demands for Grants of the Department are discussed in the succeeding paragraphs.

A. <u>PLAN OUTLAY</u>

2.2 The Central Plan Outlay for the Department of Coal during the year 2001-02 was Rs.3977.15 crore. It was revised to Rs.3127.69 crore. Now, a budget provision of Rs.3491.03 crore has been proposed for the year 2002-03.

2.3 The total Central Plan Outlay of the Department for various schemes/companies at BE & RE stage for the year 2001-02 and BE for the year 2002-03 are shown as under:-

(Rs. crore)

Company/Scheme	2001-02		2002-03
	BE	RE	BE
Coal India Ltd	2309.90	1540.00 **	2190.00*
Singareni Collieries Company Ltd	355.00	290.00	405.00
Neyveli Lignite Corpn.	988.81	896.76	584.95
S&T/Coal Controller	11.92	1.71	6.99
Regional Exploration	32.26	31.63	44.27
Environment Management and Subsidence Control (E.M.S.C.)	12.17	4.06	31.18
Detailed Drilling	37.27	45.85	12.53
Rehabilitation Control of Fire & Subsidence in Jharia & Raniganj Coal Fields (R.C.R.F)	7.24	7.24	0.00
Information Technology	0.39	0. 51	0.00
Voluntary Retirement Scheme	156.99	282.56	185.40
Lump sum provision for N.E	65.20	28.69	32.70
Total	3977.15	3127.69	3491.47

2.4 When asked about the reasons for variation between BE, RE and actuals for the year 2000-01, the Department in a written reply informed the Committee that in the case of CIL, during the year 2000-01, RE was reduced by Rs. 1023.32 crore from BE, primarily due to scrapping of Coal Sector Rehabilitation Project (CSRP) loan as there was sluggishness of coal demand, CIL felt that in order to avoid mismatch between creation of capacity and rise in actual demand, which was lower than anticipated, the phase B procurement from CSRP loan needed to be deferred and spread over next 3-4 years. In RE 2001-02, the outlay has been reduced by Rs. 769.90 crore primarily due to recession in demand of coal by Power Sector. Further, an amount of Rs. 805.00 crore budgeted in BE 2001-02 on account of receipt from securitisation of SEB dues was not expected to materialise. In addition to the above, payment of an amount of Rs. 575.47 crore towards re-payment of the Non-Plan loan has been factored in at RE 2001-02.

2.5 For Singareni Collieries Company Limited the reasons for variation between BE & RE/Actual during 1999-2000 to 2001-02 are as under: -

(i) Non- procurement of equipment/machinery for opencast as well as for underground projects.

(ii) Due to delay in acquisition of forest land for certain projects namely Manuguru SB-I, Khairagura OCP and Khairagura Underground, Nargundkar Khani and Koyagudem OCP-I have been deferred by SCCL.

(iii) Due to ventilation constraints at GDK-6B BG-II, provision of ventilation shaft of around 200 metreshas been deferred in this project.

(iv) Due to spontaneous heating at VK-7 BG-I, further investment for VK-7 BG-II has been deferred.

(v) Due to non-sanctioning of Manuguru OC-IV, investment in this project has been deferred.

(vi) Delay due to design support system at Yellandu 21 incline BG project.

(vii) Flood protection bund at Medapalli OCP is delayed due to design.

(viii) Due to pre-payment of the entire outstanding GOI loans of Rs. 449.49 crore in 2001-02.

2.6 During the year of 2000-01, the major reasons for shortfall in expenditure in Neyveli Lignite Corporation Limited are as follows: -

(i) In TPS-I expansion, there was delay in resolution of procedures in respect of Main Plant package which resulted in delayed supply.

For the year 2001-02 the reasons for variations in BE and RE are as follows:

(ii) Non- inclusion of the budgetary support of Rs. 282.69 crore for the Mine IA Project. NLC would be providing the funds from its own internal resources.

(iii) Non-inclusion of Extra Budgetary Resource of diversion from Central Plan Assistance to the tune of Rs. 200 crore in RE 2001-02.

(iv) Less Provision for depreciation on account of delay in commissioning of TPS I Project.

2.7 When the Committee enquired the reasons for hike in Central Plan Outlay for the year 2002-03, in spite of downsizing the budgetary allocation the Department informed that Coal India Limited anticipate higher resource generation due to provision of Rs. 895.00 crore as expected receipts from securitisation of SEB dues. Similarly, Singareni Collieries Company Limited's higher Outlay is due to increase in internal resources on account of decrease in liability due to pre-payment of all GOI loans. In case of Neyveli Lignite Corporation Limited, the reduction in Outlay is due to higher provision for depreciation for TPS I Project and higher loan re-payment of KFW loan.

2.8 For plan schemes of the Department of Coal, the following reasons are attributed towards hike in plan outlays: -

(a) Environmental Measures Subsidence Control (EMSC)

The reduction is due to slow progress in some schemes during the current year. The expenditure is likely to improve in 2002-03. Further, the revised and enhanced scheme of shifting of people from most endangered areas of BCCL is likely to be approved in 2002-03. The scheme of rehabilitation, etc., in Rani ganj/ Jharia has also been merged with this scheme in 2002-03.

(b) Science & Technology (S&T)

The reduction in RE 2001-02 is due to the deferment of the major scheme at Goluckdih for beneficiating low volatile coking coal for use in steel plant to the 10th Plan on account of the need for an RCE. This has resulted in a consequent increase in BE 2002-03. Some new schemes are also likely to be approved in 2002-03.

(c) Detailed Drilling

Enhanced provision in RE 2001-02 for conducting 2.67 lakh metre of detailed exploratory drilling in Non CIL blocks during 9th Plan at an estimated cost of Rs. 73.18 crore as approved by EFC in September, 2000. The scheme is proposed to be continued in the 10th Plan and a provision of Rs. 13.92 crore including a provision of Rs. 1.39 crore for NE Regions/ Sikkim has been provided in BE 2002-03 for 0.42 lakh meter of detailed exploratory drilling.

(d) Regional Exploration

The provision of Rs. 31.63 crore (excluding provision for N.E)in RE 2001-02 is the balance requirement for incurring a total expenditure of Rs. 147 crore during IX th Plan as approved by EFC for the Coal and Lignite Promotional Exploration Programme. The increased provision in BE 2002-03 is for the creation of Integrated Coal and Lignite Resource Information System besides for 1.203 lakh meter of promotional drilling and for Coal Bed Methane (CBM) development studies.

(e) North Eastern Region

In BE 2001-02, Rs. 65.20 crore was earmarked for the benefit of NE Region & Sikkim, which was 10% of the Gross Budgetary Support (GBS) of the plan outlay of the Department of Coal in 2001-02 (BE), of this amount Rs. 36.51 crore has been surrendered for transfer to the non-lapsable pool of resources for NE Region & Sikkim. The balance amount of Rs. 28.19 crore is likely to be spent in the North Eastern Region. The increase in BE 2002-03 over RE 2001-02 is due to increased outlay of this Department.

Mobilization of Internal and Extra Budgetary Resources (IEBR)

2.9 The Committee observed that there was a wide variation between budgetary provisions and actuals in regard to Internal and Extra Budgetary Resources (IEBR) pertaining to the various PSUs. The BE, RE and Actuals for the years 1999-2000, 2000-01, 2001-02 and BE of 2002-03 of 3 coal PSUs are given at **Annexure-II.**

2.10 When asked about the reasons for the variation between the projected IEBR and actual achievements and the steps the Government proposed to take steps to ensure that only a realistic IEBR targets are projected, the Department in a written note furnished the following information to the Committee: -

2.11 The reasons for variation between BE and actual are as follows:

Coal India Limited:

1999-00 Marginally increased mainly due to increased utilisation of IBRD loan

2000-01 Downsizing of IEBR due to cancellation of CSRP loan (Stage B)

2001-02 The reduction in RE stage is due to less internal resources generation as a result of disbursement of arrears to employees on account of wage revision, recession in coal demand from Power Sector, non realisation of the amount of Rs. 805 crore budgeted in BE 2001-02 from securitisation of coal sale dues, the factoring in of the payment of Rs. 575.47 crore as re-payment of Non-plan loan principal amount of Rs. 432.64 crore along with interest due and pre-payment of GOI loans to the tune of Rs. 340 crore. Higher anticipated resource generation in BE 2002-03 is due to providing of Rs. 895 crore as expected receipt from securitisation of SEB dues.

2.12 Steps have been taken to assess realistic demand of Coal for the year 2002-03. Thus it is expected that the Coal companies will be able to realise the IEBR targets during the year 2002-03 unless some major slippage occurs.

Singareni Colleries Company Limited

1999-2000

Rs. 155.39 crore of IEBR was projected in BE 1999-2000 in RE works out to Rs.176.52 crore. The actual IEBR for 1999-2000 was Rs.108.17 crore. The main reason for variation is due to advance repayment of Govt. of India Loans of Rs.82.36 crore and Special incentive payment to employees of Rs. 30 crore.

2000-01

Rs. 263.21 crore of IEBR was projected in BE 2000-01, IEBR in RE works out to Rs.170.39 crore. An amount of Rs.93 crore towards a portion of NCWA & Executive arrears is provided in RE 2000-01. The actuals in 2000-01 is still less due to pre-payment of GOI loans.

2.13 Main reasons for shortfall in achieving the IEBR projections in preceding three years are :-

(i) High operational efficiency with reference to Production, Productivity and HEMM utilisation projected in the IEBR workings.
(ii) Projections are made with preceding years of cost price structure and escalations allowed in operational cost is 3% in wages only.
(iii) Wage revisions were not allowed in calculation of Operational cost.
(iv) Escalations in other inputs are not considered in IEBR calculations.
(v) Price revision could not be effected half yearly covering the escalation input cost due to market constraints even after de-regulation.

2001-02

Reduction in IEBR in RE 2001-02 due to the pre-payment of all outstanding Government of India loans of Rs. 449.49 crore in 2001-02. and also due to payment of 60% of wage arrears in August, 2001. Higher outlay in BE 2002-03 is due to increase in internal resources on account of decrease in liability due to pre-payment of all government loans.

Neyveli Lignite Corporation

2.14 NLC's available Plan resources (IEBR + GBS) are much in excess of the Plan Outlay approved by the Planning Commission. However, as per the guidelines of Planning Commission for the purpose of formulation of Annual Plan, the surplus generated is deducted from the Internal Resources so that IEBR + GBS matches the Plan Outlay approved. However, from RE 2001-02 onwards no budgetary support is being provided to NLC for the Mine I A Project. Therefore in RE 2001-02 & BE 2002-03, IEBR is equal to the Plan Outlay.

2.15 During 2001-02, the actual IEBR is expected to be lower due to the pre-payment of all Government of India loans drawn for the Mine IA Project and the non-inclusion of Extra Budgetary Resource of diversion from Central Plan assistance to the tune of Rs. 200 crore budgeted in BE 2001-02.

2.16 The IEBR in BE, 2002-03 is lower due to higher provision for depreciation for TPS I Project and higher loan re-payment of KFW loan.

2.17 The Committee are sad to note the unabated decline in Central Plan outlay of Department of Coal over the years. The Central Plan outlay of the Department which was Rs. 4647.81 crore, during 2000-01 at Budget Estimate stage, got reduced to Rs. 3335.83 crore. During the year 2001-02, the Plan outlay was Rs. 3937.15 crore which was reduced to Rs. 3127.69 crore, at Revised Estimate stage. Now, for the year 2002-03, the Plan outlay has been pegged at Rs. 3491.47 crore, showing a declining trend, when compared to the projections and actuals noticed, since 1999. The reasons attributed for downsizing the Plan outlay of CIL, during 2000-01, such as sluggishness in coal demand by power sector, non-receipt from securitisation of SEBs dues, are hardly convincing. In the opinion of the Committee, these factors i.e. recession in power sector and outstanding dues, are not such, which the Department could not anticipate earlier. The reasons attributed for SCCL and NLC like non-procurement of equipment/machinery, deferring of some OCP due to delay in acquisition of forest land, delay in design support system and provision for depreciation on account of delay in commissioning of TPS-I project, etc. in some of the projects which clearly show administrative slackness in execution of various projects on the part of the Department. The Committee, have observed that whereas on one hand, the major coal/lignite projects are languishing for want of adequate funds, and on the other hand, the scarce resources, made available are not being expended prudently and judiciously. Constantly there has been substantial downsizing of plan outlay and the utilisation of such funds is far from satisfactory. The Committee, nevertheless, have come to an irresistible conclusion of faulty planning and execution machinery, in the Department of Coal, and other end-use

Ministries. The Committee, therefore desire that the planning process should be made more realistic so that resources/funds are expended prudently. In this context, the Committee recommend that the Government nominees on the Board of Directors in coal subsidiaries, including SCCL, should play a proactive role in the project-planning, formulation and implementation stages, so as to ensure that the budgetary allocations are projected on a realistic basis and utilised more meaningfully.

2.18 The Committee have also observed that the projection of IEBR for various subsidiaries have been arrived at without taking into consideration the ground realities. Even in cases where a subsidiary failed to achieve even the reduced revised estimates targets for the next years have been placed at much higher level. This has resulted, in non-materialisation of targets, for all the Coal PSUs. In some cases one of the reasons stated for non-realisation of IEBR targets is the meeting of some unexpected expenditure like payment of wage arrears, etc. The Committee are not clear as to why such an expenditure, if met from the internal resources of the organization can form part of IEBR targets. The Committee desire that the Department should go into this aspect and do so if it is not against some rules/regulations of the Government budgeting. The Committee, have time and again cautioned the Government to project a realistic and achievable IEBR targets, but to no avail. This practice of over-pitching the targets at BE stage then pruning down of such targets at RE stage and finally non-realisation of targets of even RE, have been in vogue, in the Department of Coal, since long. The Committee would like to reiterate their earlier recommendation on the subject and urge the Government to project only the realistic and achievable targets which will enable the planning mechanism to play a meaningful role in the economic development.

B. Coal Demand

At the time of formulation of the 9th Five Year Plan, the Working Group on Coal & Lignite, constituted by the Planning Commission, had assessed the country's raw coal demand in 2001-02, the terminal year of the 9th Plan, at 405.00 million tonnes. To meet this demand, the Working Group on Coal and Lignite had indicated an indigenous coal production of 359.60 million tonnes (CIL = 303 m.t. SCCL = 36 m.t. and Others = 20.60 m.t.) for the same period. However, the total availability of indigenous coal as projected by the Planning Commission was 370.60 m.t. out of which the Planning Commission had given a target of 314.00 m.t. for CIL but this was not accepted by the then Department of Coal due to various constraints. Therefore, overall production for the terminal year of 9th Five Year Plan was projected at 359.60 m.t. At the time of Mid-Term Appraisal the target of production for the terminal year of 9th Five Year Plan i.e. 2001-02 is fixed at 328.86 million tonnes.

3.2 Against the projection of 9th Plan, year-wise demand assessed by the Planning Commission for each year is given below: -

(million tonnes)

Year	Demand
1997-98	323.40 (6.80)
1998-99	325.38 (7.50)
1999-2000	311.83 (3.00)
2000-01	333.85 (5.02)
2001-02	354.29 (4.83)

Figures in brackets represent middlings.

Production (9th Plan)

3.3 The target for the first year of 9th Five Year Plan (1997-98) was fixed 297.45 million tonnes. The total production during the year was 295.80 million tonnes i.e. 99.45% of the targeted figures. The target for coal production during the year 1998-99 was fixed at 306.50 million tonnes. The projected target for 1998-99 was kept 2.85% higher over the year of 1997-98 and the production recorded during the same period was 292.27 million tonnes, which works out to be 95.35%. The total production target for the year 1999-2000 was 298.90 m.t. and the total production during the period was recorded at 299.97 million tonnes which works out to 100.36%. The projected figure of coal production for the year 2000-01 was fixed at 308.07 million tonnes and against this target the total production for the year 2000-01 has been 313.64 million tonnes which works out to 101.80%. The target for the year 2001-02 was fixed at 322.73 million tonnes and against this target, the production for the period of April-November, 2001 has been recorded as 197.99 million tonnes which is higher than the production of the corresponding period (April-November, 2000, 189.80 million tonnes). The production of coal during 9th Plan, year-wise is given below.

(million tonnes)

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	10th Plan
CIL	260.55	256.48	260.58	268.14	279.00	286.00	350.00
SCCL	28.73	27.33	29.56	30.27	31.00	32.50	36.13
Others	10.66	12.69	13.97	15.23	15.65	17.20	18.87
Total (All India)	299.94	296.50	304.11	313.64	325.65	335.70	405.00

3.4 Explaining the methodology for arriving at demand and supply projection, the Secretary, Coal during evidence stated as under: -

> " To start with, we could have a look at the demand projections which were made and the demand projections which have been made for the future. In the terminal year of the 8th Plan, Coal India produced a little over 250 million tonnes of coal. Singareni added a little under 29 million tonnes. TISCO, ISSCO and others added 10 million tonnes. So, we started the first year of the 9th Plan with a total

indigenous projection of coal 289.27 million tonnes for the last year of the 8th Plan. The 9th Plan document had projected a production of 314 million tonnes by Coal India. During the midterm appraisal, this got reduced to 285 million tonnes. The final projection for the terminal year of the 9th Plan came down to 279 million tonnes. For Singareni the corresponding figures are 36 million tonnes, 34 million tonnes and 31 million tonnes. In other words, the original projection was 36 million tonnes, the midterm appraisal put the figures at 34 million tonnes and the current figures for the current year is 31 million tonnes. other producers – that is TISCO, etc,. plus the private sector mines – are expected to add another 16 million tonnes so that the total production expected this year by all these sectors put together will be 36 million tonnes. This implies a growth from 289 million tonnes to 326 millions, which is roughly 37 million tonnes, over the five year period. By the end of the 10th Plan, that is by 2006-07, the projected production is 350 million tonnes by Coal India, a little over 36 million tonnes by Singareni Collieries and nearly 19 million tonnes by others. The total adds up to 405 million tonnes. Needless to say the projections which have been made in the Working Group have been made on the basis of an aggregation of demands which have come from various users of coal…Briefly on the outlays proposed for Coal India, the total 9th Plan expenditure which was visualized was Rs. 12,401 crore. At the mid-term appraisal stage, it came down to Rs. 12,000 crore and the anticipated expenditure as of now in the 9th Plan is of the order of Rs. 9,000 crore. For SCCL, the corresponding figures are these: the original projection is Rs. 2235 crore; at the midterm appraisal stage, it came down to Rs. 1665 crore. Now, we expect that the expenditure will actually be of the order of Rs. 1043 crore."

3.5 The total Plan outlay approved by the National Development Council (NDC) for 9th Five Year Plan and approved by Planning Commission during midterm appraisal is given at **Annexure-III.**

3.6 Plan expenditure, BE and Actual (provisional) for the each year of the 9th Plan are given below**:-**

Year	CIL	SCCL	NLC	S&T/RE/EMSC/DD/RFRP /RPFR/VRS/NE Region
1997-98 (Actual)	1824.55	208.48	186.34	30.30
1998-99 (Actual)	1831.97	206.09	581.07	44.80
1999-2000 (Actual)	2769.66	145.20	652.60	56.00
2000-01 (Actual Provisional)	1287.63	159.53	1061.02	281.81
2001-02 (BE)	2309.90	355.00	988.81	323.44
2001-02 (Actual Provisional up to Nov, 2001	628.10	82.05	358.49	193.29

3.7 The Working Group on Coal & Lignite for formulation of 10th Five Year Plan, constituted by the Planning Commission, has assessed the country's raw coal demand in 2006-07, the terminal year of the 10th Plan at 453.29 million tonnes (including middlings). To meet this demand, Working Group on Coal & Lignite for formulation of 10th Five Year Plan has indicated an indigenous coal production of 399.73 million tonnes. (CIL=350.00 m.t SCCL=36.13 m.t and Others= 13.60 m.t. including Meghalaya coal). However, the Planning Commission has now finalized an indigenous coal production of 405.00 million tonnes (CIL=350.00 m.t. SCCL 36.13 m.t. and Others = 18.87 m.t. including Meghalaya coal) for the same period.

3.8 The demand for the terminal year of the 10th Five Year Plan, as projected by the Working Group is shown at **Annexure-IV.**

3.9 Against the projection of 10th Plan, the demand for the first year i.e. 2002-03 assessed by the Planning Commission is given below:-

Year	**Demand (Million tones)**
2002-03	363.30 (4.925)

Figures in bracket represent middlings.

3.10 The target for the first year of 10th Five Year Plan 2002-03 is fixed at 335.70 million tonnes.

Company	Target (million tonnes
ECL	29.00
BCCL	28.00
CCL	34.25
NCL	44.00
WCL	37.00
SECL	65.25
MCL	48.00
NEC	00.50
CIL	286.00
SCCL	32.50
Others	17.20
Total	335.70*

* Excluding Meghalaya

3.11 The all India coal demand assessed for the year 2002-03 is 363.30 (4.925 of middlings) million tonnes. Against this demand, availability of coal in 2002-03 is indicated as under:-

million tonnes

CIL	286.00
SCCL	32.50
Others*	17.20
Draw down to stock	0.40
Total	336.10

* IISCO/DVC/J&KBSMDCL/TISCO/Captive mining/Meghalaya

3.12 Thus there would be a gap of 27.20 million tonnes between demand and supply and this is likely to be met through import mainly by Steel, Power and Cement sectors.

3.13 The Department of Coal had constituted a Working Group on Coal & Lignite for formulation of 10th Five Year Plan (2002-07). After discussion of the recommendation of the said Working Group on Coal & Lignite, with the Planning Commission in the early part of this year, the physical and financial targets for the 10th Five Year Plan have been tentatively finalised as under:

Financial

(Rs. in crore)

Company/Schemes	10th Five Year Plan (2006-07)
Coal India Limited	14310
Singareni Collieries Company Limited	2113
Neyveli Lignite Corporation	14133.58
Regional Exploration including non-CIL Blocks	275.80
Detailed Drilling	70.66
Environmental Measures & Subsidence Control	163
Science & Technology	100
Voluntary Retirement Schemes	430
Total	31596.04*

Yet to be formally approved by the Planning Commission

Physical

(million tonnes)

Company	**Target fixed for the terminal year of 10th Five Year Plan (2006-07)**
Coal (CIL- 350, SCCL-36.13, Other-18.87)	405.00
Lignite	55.96

BE for the year 2002-03 is given below: -

(Rs. in crore)

Year	CIL	SCCL	NLC	S&T/RE?EMS/DD/VRS
2002-03	2190.00	405.00	584.96	311.77

3.14 Accepting that the projection had not been realistic, he further stated:-

"Our projections have not been materialized both as far a projection is concerned as well as the expenditure is concerned. My request is that the Committee should bear with us and really look at the method by which the forecast is arrived at. I was the Chairman of the Working Group for the 10th Plan. The exercise which we do when we went to project the demand for the next 5 years, is a very simple exercise of asking the predominant user Ministries to indicate what their projections are for the growth in their sectors. When we raised this question with the Ministry of Power they had sent to us their response saying that they expected to add 29,000 MW. In fact, we had finalized the Working Group Report on the basis of an addition of 29,000 MW of coal thermal capacity. If that materialize, then the requirement of coal would be 446.00 m.t. The coal demand works out to roughly four or four and a half million tonnes for every thousand MW. When the Report was being remitted to the Planning Commission, the Power Ministry revised downward their projections from 29,000 MW to roughly 19,000 MW. Now, I accept the Chairman's suggestion that it should be possible to come to a more realistic estimate on the basis of the past experience. Unfortunately, our planning process is such that we are not given that liberty to prune down the projections of the other ministries who want the coal. For us it becomes simple arithmetic. We take what the Steel Ministry projects. We take what the Department of Heavy Industry, Power Ministry or sundry users project and on that basis, we come to what the demand will be. If today, I was to answer what my realistic estimate of what the demand would be at the end of the 10^{th} Plan, I would say that the addition to coal thermal capacity will not be 19000 MW. On the basis of the past experience I do not think that the addition is going to exceed 12,000 MW."

3.15 When the Committee enquired as to how the planning process can be made more realistic, Secretary, Coal observed :

"We come to the most fundamental question which is really confronting us and that is how to make the planning process more realistic. Frankly, I in the Department of Coal do not have an answer to this because, I am merely an adder to the numbers which come to me. There are four to five numbers which come to me which I add up. On the basis of certain multiples, I come to what the coal demand will be. Then, I send it to the Planning Commission. our past experience, at least, for the last two Plans had been that the projections by the Ministry of Power have been far higher than what has actually materialized. This has had consequences for the Department of Coal in so far as investment in the coal sector is concerned. Even for the 10^{th} Plan the projections which have been made only a few months ago, my own hunch is that achievement is really going to be considerably less than 19,000 MW addition which they have visualized. I do not think it is going to be more than 12000 MW or so. It is a consequence of the planning process that we end up Plan after Plan with projections which are very high and projections which do not get realized in the Ministries. As a result of our projections also do not materialize and our investments also do not fructify."

3.16 The Committee have noted that coal demand projection exercise is conducted for every Plan period by the Planning Commission for finalizing the demand for coal during that Plan. For this, different Working Groups from the concerned Ministries have come out with their estimates which are analysed and finalized by the Planning Commission after due consultation with the consumers and producers. Sadly, the experience of coal demand projections has revealed that there exist a substantial gap between projected demand and actual materialization of demand in

every Plan period. Materialization had varied from 85% to 90% of the projection, and as such the demand had always been projected on the higher side. Such a situation has persisted despite extensive mid-term reviews and adjustments undertaken from time to time. In the opinion of the Committee, the low level of demand materialization is due to the methodology of forecasting of demand which is based on aggregation/end user method. The Committee, concur with the view of Secretary (Coal) that the projections by the Ministry of Power have been far higher than what has actually materialised. The Committee, therefore, recommend that the Department of Coal should prevail upon the Planning Commission to project realistic estimates based on the past experience so as to ensure materialization of projections and fructification of investment. The Committee also desire that the Department of Coal should check & cross check the projections of end-users before making any investment decisions, etc. In the opinion of the Committee, this will facilitate the Department of Coal to plan their policies and programmes in meeting the demand.

3.17 The Committee have observed that there is a tendency on the part of consuming sectors to project inflated demands, as they are not accountable for the final take-off. It is in this context that Committee would draw the attention of the Department of Coal towards Fuel Supply Agreement (FSA) between CIL and NTPC, whereunder penalty and bonus clauses exist which ensure better off-take. Such agreements are based on the principle of firm commitment for mutual performance, bearing liabilities for the failures. The Committee, therefore, recommend that the Government should devise a similar mechanism for ensuring transparency and accountability in projecting realistic estimates.

3.18 The Committee have noted that the targets - both financial and physical - fixed during 8th and 9th Plan periods could not be materialised. Now the projections for 10th Plan are also going in the same direction. The Committee are unhappy to find that before the Working Group Report on demand projection in 10th Plan could be finalized, the Ministry of Power have already scaled down their projections of thermal capacity addition, during 10th Plan, from 29,000 MW to 19,000 MW. The Committee apprehend and concurs with the views of Secretary, Coal that taking into consideration the past experience, the thermal capacity addition during 10th Plan may not exceed 12,000 MW. The Committee are of the view that the Government have not learnt any lessons from the past failures in not realising the targeted production. The Committee, therefore, recommend that the Planning Commission should reassess the demand projection of coal during 10th and 11th Plans based on a realistic estimation and also taking into consideration the past experience and views of the Department of Coal in the matter, so that correct estimates can be made of investment needed to meet the future needs of coal. This would also give an idea to the Department of the extent to which private investment may be needed. The Committee also desire that CIL should formulate the perspective plans for these periods, so that the demand, financial requirement, mobilisation of resources and investment decision, etc. can firm up. The Committee find that CIL had reserved some coal blocks for their future use. The Committee

desire that the based on investment available and likely to be made available, CIL should earmark coal blocks with them. The rest of the coal blocks where CIL/Department of Coal is not in position to invest, should be given to private entrepreneurs for development.

C. Coal Exploration

Exploration of coal reserves in the country is carried out in two stages. In the first stage, Geological Survey of India (GSI) undertakes regional exploration for locating the potential coal bearing areas on a continuous basis. In order to supplement the efforts of the GSI for regional exploration, services of CMPDI, GSI and Mineral Exploration Corporation Limited (MECL) have also been engaged for carrying out promotional regional exploration in various parts of the country. Ministry of Coal and Mines has made a separate provision for this under the plan scheme "Regional Exploration" for coal and lignite. The Sub-Committee on coal and lignite (Group VIII of Central Geological Programming Board) with representatives of GSI, CMPDIL, Singareni Collieries Company Limited (SCCL), Neyveli Lignite Corporation Limited (NLC), etc. programmes, coordinates and reviews the exploration work. CMPDIL acts as the nodal agency for disbursement of funds to the exploration agencies besides supervising the work of MECL in the area of Promotional Exploration for coal.

4.2 In the second stage, detailed exploration is carried out in potential blocks identified through Regional/Promotional Exploration in consultation with Coal Companies, State Governments, CFRI, etc. The blocks for detailed exploration are prioritized taking into account the demand of consumer and their location, availability of infrastructure for coal evacuation, techno-economics of the mining project, coal quality and problem associated with land acquisition, forest clearance, rehabilitation, etc. is taken up and fund requirement is met from the capital budget of coal companies. The detailed exploration is funded by Coal Companies from the capital budget and is executed by CMPDIL and Singareni Collieries Company Limited directly as well as through State Governments in limited manner for the formulation of geological reports, mine feasibility studies and project reports. The reports are used for exploitation of coal reserves for meeting the coal demand of coal in the country.

4.3 Till 1997-98, coal companies have been funding for detailed exploration in all the blocks. After finalisation of the list of the blocks to be retained by CIL, in December, 1996, the coal companies stopped funding of detailed exploration of non-CIL blocks from 1998-99. MoC approved the proposal of CMPDI for funding of detailed exportation in non-CIL blocks during the remaining period of 9th Plan. This was done to maintain the pace of exploration and provide adequate information for the participation of private entrepreneurs in coal mining.

4.4 The promotional exploration for the 9th Plan was approved by EFC in February 2000 for a total expenditure of Rs. 147.00 crore, out of which Rs.108.46 crore was released during 1997-2001. BE provision of Rs. 32.26 crore (exluding N.E. provisions) for the year 2001-02 was reduced to Rs. 31.63 crore at the RE stage for the reasons that the total drilling metre-age was reduced in RE 2001-02 as compared to BE 2001-02 to allow for the work of supplementary services.

4.5 The BE 2002-03 provided, Rs. 49.19 crore (including N.E. provision) for the promotional exploration out of which Rs.35.00 crore was proposed for 1.203 lakh metres of promotional drilling, Rs. 0.366 crore for CBM desorption studies and Rs. 13.83 crore for creation of integrated coal and lignite Resource Information System.

4.6 The details of funds position for Promotional Exploration during 1999-2000, 2000-01 and 2001-02 are as under:

(Rs. crore)

Year	**Budget Provision**		**Funds**		
	BE	RE	Opening Balance	Released by MOC	Total available
1999-00	32.56	32.56	3.04	37.14	40.18
2000-01	30.37	30.37	22.76	30.37	53.13
2001-02	32.26	31.63	7.0	31.63	38.63

4.7 Achievement against the physical and financial targets of promotional drilling during the 9th Plan is as under:

Sector	9th Plan targets (Lakh m)		Achievement Projected (Lakh m)	Achievement %
	9th Plan document	Revised		
Coal	3.30	3.30	3.88	118.00
Lignite	4.45	3.20	2.71	85.00
Total	7.75	6.50	6.59	101.00

Note: 9th Plan drilling target for lignite was revised from 4.45 lakh metres to 3.20 lakh metres by the sub-Committee on Coal and Lignite.

4.8 The details of promotional coal exploration programme for 2000-01, 200102 and 2002-03 are given in the table below:

Command Area	2000-1 Actual	2001-02 BE	2001-02 RE	2002-03 BE
CIL	33426	64000	43900	48800
SCCL	10724	16000	20400	17200
NLC	52246	75000	56000	54300

Total	96396	155000	120300	120300#
Total expenditure on promotional exploration, etc (Rs. in crore)	30.37*	32.26	35.21	49.19#

Continuation of Scheme of Promotional Exploration in 10th Plan was recommended by Working Group on Coal and Lignite for 10th Plan and has been accepted by the Planning Commission.

4.9 The budgetary provision for 2001-02 and for Promotional Exploration in coal and lignite are as follows:

Scheme	2001-02		2002-03
	BE	RE	BE
Detailed Exploration in Non-CIL Blocks	37.27	45.80*	13.92

*Excludes provisions for NE Region

4.10 The 9th plan programme for detailed exploration in non-CIL blocks was approved in 2000-01 and the entire amount was proposed to be utilised in the last two years of 9th plan. Therefore, during 9th plan, the phasing of funds could not be done evenly. However, during 10th plan, the phasing has been distributed over the entire plan period. The provision of funds for Detailed Exploration during 2002-03, therefore, cannot be compared with that of 2001-02.

4.11 The physical targets and achievement, agency-wise, in respect of Detailed Drilling by CMPDI and MECL in Non-CIL blocks, funded by MOC during the 9th Plan are given below :

(In metre)

Agency	Sector	1997-98		1998-99		1999-2000		2000-01		2001-02
		Target	Achiev.	Target	Achiev.	Target	Achiev.	Target	Achiev.	Target
CMPDI	Non-CIL	-	-	19,000	19,237	-	2,960	30,000	29,000	86,000
MECL	Non-CIL	-	-	18,500	18,425	-	10,219	50,750	48,000	63,000
Total	Non-CIL	-	-	37,500	37,662	-	13,179	80,750	77,000	1,49,000

4.12 Detailed Drilling in Non-CIL blocks commenced in 1998-99. The scheme initially was not approved and targets for 1999-2000 were not set although MECL and CMPDI drilled 13,179 m during 1999-2000 in anticipation of the approval of the scheme by the Govt. EFC in its meeting held on 30.9.2000 approved the proposal for Detailed Drilling of 2.67 lakh m. in non-CIL blocks during 9th Plan at an estimated cost of Rs. 73.18 crore.

4.13 The proposal for 10th plan has been formulated considering the requirement of Detailed Exploration in non-CIL blocks for the future plan periods and the funds proposed during 10th plan are adequate for meeting the requirement of 11th and 12th plan periods.

4.14 As a result of exploration carried out down to a depth of 1,200 meter by the GSI and other agencies, a cumulative total of 220.98 billion tonnes of coal reserves have been estimated in the country as on 1.1.2001.

4.15 State-wise/Category-wise total coal reserves as assessed by Geological Survey of India as on 1.1.2002 in the country are as under:

(In million tonnes)

State	Depth(m)	Proved	Indicated	Inferred	Total
West Bengal	0-1200	11099.48	11162.82	4156.95	26419.25
Bihar	0-300	0.00	0.00	160.00	160.00
Jharkhand	0-1200	35234.60	28986.64	6281.57	70502.81
Madhya Pradesh	0-1200	6857.20	7865.71	3233.87	17956.78
Chhattisgarh	0-600	7626.72	23639.69	4108.49	35374.90
Uttar Pradesh	0-300	765.98	295.82	0.00	1061.80
Maharashtra	0-1200	4494.92	2049.77	1536.00	8080.69
Orissa	0-1200	13079.82	29809.10	15123.30	58012.22
Andhra Pradesh	0-1200	7729.13	5459.26	2447.70	15636.09
Assam	0-600	279.30	26.83	34.01	340.14
Arunachanl Pradesh	0-300	31.23	40.11	18.89	90.23
Meghalya	0-300	117.83	40.89	300.71	459.43
Nagaland	0-300	3.43	1.35	15.16	19.94
Grand Total	0-1200	87319.69	109377.99	37416.65	234114.28

4.16 There is no programme to take up Regional Exploration for coal/lignite in non-traditional areas like J&K and North eastern States. However during the last 3 years Detailed Drilling for coal was carried out in Makum Coalfield of Assam as follows:

1998-99	-	559 m.
1999-2000	-	928 m.
2000-2001	-	43 m.

4.17 The indicated, inferred and proved category of coal resources found in the country, depth-wise are given in the following table.

(Reserves in Million Tonnes)

Depth(m)	Proved	Indicated	Inferred	Total
0-300	65910	64072	15461	145443
300-600	6030	34687	16624	57341
0-600(For Jharia)	13710	502	0	14212
600-1200	1669	10117	5332	17118
Total	87320	109378	37417	234114
% Share	37.3%	46.7%	16.0%	100.0%

4.18 Detailed drilling is undertaken for converting indicated reserves to proved reserves. With the current pace of detailed exploration of about 2 lakh metres per annum, about 2 to 3 Billion tonnes of coal reserves are upgraded annually from indicated/inferred to proved category. Thus over a period of 10 years, it is expected that about 20-30 billion tonnes of coal reserves will be brought under proved category in CIL and non-CIL areas.

4.19 The Committee have noted that the aerial exploration over the years have revealed that there exist Coalfield Basin Area to the tune of 49,600 Sq. Km. The potential coal bearing Basin Area is around 22,428 Sq. Km. But so far only 10,200 Sq. Km. have been covered by Regional/Promotional Exploration and another 4,853 Sq. Km., through Detailed Exploration, leaving a huge are yet to be explored. The Committee, recommend that Government should formulate a strategy/action plan, to explore the remaining potential area and provide adequate Budgetary support, for the purpose. The Committee would like the Government to apprise them of the action plan and means to achieve the same. The Committee find that the best grades of coal available in Jharia and Raniganj coalfields. Unfortunately, sufficient exploration not being undertaken, especially in ECL/BCCL areas. The Committee recommend that sufficient exploration should be undertaken and adequate budgetary support provided for the purpose.

4.20 The Committee have observed that by virtue of Regional Exploration, the "indicated" and "inferred" reserves are estimated. The Detailed Exploration, lead to unearthing of "proved" category of coal reserves. However, there is no designated agency to make use of new data generated, after the detailed exploration. The Committee, recommend that consequent on completion of detailed exploration, coal/lignite PSUs should extend geological support to working mines and undertake this activity with in-house resources.

4.21 The Committee note that in pursuance of economic liberalisation of the coal sector, Government have earmarked certain blocks for use for captive or private mining. However, the choice of the entrepreneur to invest in a block suitable for this purpose is limited, for want of adequate technology and techniques in the exploitation of the deposits. This gap has been sought to be filled up by the detailed exploration of non-CIL blocks – by CMPDIL, MECL and State Governments – to give the private entrepreneur, a choice for exploiting block, for their own requirement. The Committee welcome this gesture of the Government and

recommend that the detailed exploration in non-CIL blocks should continue on a long term basis, so that a shelf of Detailed Geological Reports (DGR) is available to an entrepreneur, to choose from. However, Government should realize the expenditure incurred on undertaking detailed exploration in non-CIL blocks, from the private entrepreneur, on cost plus basis.

4.22 The Committee have noted that only 37.3% of coal reserve is under "proved" category and remaining 46.7% and 16% are under 'indicated' and 'inferred' category, respectively. Of these, 63% occurs at depth of 0-300 mts., 24% between 300 and 600 mts. and 13% between 600 and 1200 mts. In the opinion of the Committee, the current pace of detailed exploration of about 2 lakh mts./annum, which upgrade 2-3 billion tonnes of coal resources from indicated/inferred to 'proved' category, will not be sufficient to meet the future demand of coal. The Committee, therefore, recommend that Government should step up their pace of detailed exploration with adequate Budgetary resources, both for CIL and non-CIL blocks, so as to bolster their inventory of 'proved' category of Coal Resources. In view of low availability of superior grade(A, B, C) of coal resources and depleting resources in existing mines, it becomes all the more essential to step up exploration efforts on proving superior grade coal resources within a depth of 300 mts. This will not only provide replacement of exhausting mines in future but also ensure gainful deployment of manpower in these mines. The Committee, would like to be apprised of the action taken by the Government in this regard.

D. <u>Implementation of Major Projects</u>

In accordance with the Government decision and under the revised delegation of power approved by CIL Board on 29.12.1997, coal projects costing up to Rs. 100.00 crore can be sanctioned by the Board of Directors of CIL and coal projects costing up to Rs. 50.00 crore can be sanctioned by the Board of Directors of NLC, SECL and MCL, subject to the condition that the project should be included in the approved Five Year/Annual Plans and outlays provided for and if the required funds can be found from the internal resources of the company and the expenditure is incurred on schemes included in the capital budget approved by the Government. The Board of Directors of ECL, BCCL, CCL and CMPDIL can, however, sanction projects up to Rs. 20.00 crore only. SCCL Board can sanction coal projects up to Rs. 50.00 crore. NLC Board can sanction projects up to Rs. 100.00 crore. Projects costing over Rs. 100.00 crore are sanctioned by the Government of India.

5.2 Projects costing Rs. 100.00 crore and more are being regularly monitored, through monthly flash reports, by the Department of Coal and the Department of Programme Implementation. Other projects costing Rs. 20.00 crore and above are also monitored in the Department of Coal on the basis of Quarterly Project Monitoring Reports received from the Public Sector Undertakings. The individual projects are reviewed on the basis of these reports and exception reports, covering the steps required to ensure speedy implementation of the projects. Action areas are highlighted and brought to the notice of concerned agencies, including State Governments, wherever required. Particular emphasis is laid on expeditious completion of projects, cutting down delays and cost overruns. During such reviews, projects requiring formulation and approval for revised cost estimates are also identified and coal companies are advised to prepare revised cost estimates for seeking approval of the Government. Revised cost estimates are analysed from the point of view of time and cost overrun, keeping in view the guidelines issued by the Ministry of Finance from time to time.

5.3 Company-wise and project-wise details of on-going projects costing Rs. 100.00 crore and above being implemented by CIL, SCCL and NLC as on 30th November, 2001 are given below:-

Name of the Company	**No. of Projects costing Rs. 100 crore and above**	**Total Capacity (million tonnes)**	**Sanctioned cost (Rs. crore)**
CIL			
(Mining)	9	32.23	4558.14
SCCL	3	3.89	878.69
NLC			
(Mines)	2	7.00	2369.74
(Power)	1	2x210 MW	1420.27

Total:	Mines -	14	43.12 m.t.	Rs. 7806.57 crore
	Power -	1	2x210 MW	Rs. 1420.27 crore

5.4 As on 31.12.2001 out of 398 mining projects of CIL, each costing Rs. 2 crore and above, 319 projects stand completed (including projects where coal reserves has since been exhausted). Out of remaining 79 projects under various stages of implementation, 45 are on schedule and 34 are delayed. In SCCL out of total 71 mining projects, 46 mining projects have been completed. Out of the remaining 25 projects 15 are on schedule and 10 are delayed. The company-wise position is as follows:-

Company	**Total No. of Projects**	**No. of Completed Projects**	**Ongoing Projects**		
			Total	**On Schedule**	**Delayed**
ECL	54	41	13	3	10
BCCL	66	60	6	1	5
CCL	62	44	18	5	13
NCL	15	12	3	3	-
WCL	93	78	15	11	4
SECL	87	66	21	19	2
MCL	21	18	3	3	-
CIL	398	319	79	45	34
SCCL	71	46	25	15	10

Status of Projects Monitored at the Government Level

5.5 At the Government level projects each costing Rs. 20.00 crore and above are being monitored. As on 31.12.2001, there are 63 such projects (mining & non-mining) under implementation in CIL and SCCL. Summarized position of these 63 on-going projects is as follows:-

Company	No. of Projects	Sanctioned Capital (Rs. crore)	Ultimate Capacity (Mty)	No of Projects on Schedule	No of Projects Delayed
CIL	50	6596.22	51.37	35	15
SCCL	13	885.42	10.10	11	2
Total	**63**	**7481.64**	**61.47**	**46**	**17**

5.6 When asked about the mechanism to review and apprised the project, the Department in a written note informed the Committee that the coal projects are monitored at regular interval of time at different levels to keep abreast of latest status of the their implementation. Follow up action are taken on the recommendations of such review undertaken. The system of monitoring of the projects in vogue is indicated below:-

At project level

5.7 Monthly review at the level of General Manager / Chief General Manager (Nodal Officer) of the area. Monthly review at the level of Director (Tech.) and CMD of the company. Monthly flash reports and quarterly monitoring reports are sent to Coal India Limited, Ministry of Statistics & Programme Implementation and Department of Coal by the coal companies.

At Board level

5.8 Exception reports and ATRs regarding ongoing projects are reviewed by Subsidiary Boards as well as CIL Board.

At Ministry level

5.9 Projects costing Rs.100 crore. & above are reviewed by Secretary (Coal) at regular intervals. Such review meetings are attended, among others, by representatives from Planning Commission, Ministry of Statistics & Programme Implementation, Deptt of Expenditure and Ministry of Environment & Forests. In the review meeting, bottlenecks affecting implementation of projects are identified and time-bound action is mandated for taking remedial action. Wherever economic viability of the project is adjudged to be unsound, appropriate action for foreclosing, shelving etc. of the project is also taken.

5.10 Taking into consideration the huge time and cost overruns of the major projects, when the Committee enquired about the steps taken to improve the project formulation and implementation, the Department of Coal in a note informed that the following steps are taken to improve the project formulation and implementation: -

I. Project formulation / Appraisal

(i) Demand and supply: Analysis of demand and supply scenario is done to establish the need of formulation of the project.
(ii) Linkage: Once the demand - supply analysis justifies the need of formulation of a project, a firm consumer linkage is tried to be set up. Alternatives are also planned for any unforeseen circumstances.
(iii) Advance Action Proposals (AAP): Formulation and implementation of AAP is a prerequisite for final sanction of the project. Availability of land for at least 10 years of operation is ensured before sanctioning.
(iv) Geological parameters: Detailed exploration is conducted to certain geological parameters. Sophisticated geological and geophysical exploration techniques adopted for advance forecasting of geomining conditions.
(v) Method of work: Suitability of technology for working the project is considered in depth.
(vi) Economic viability:Financial parametresare given due consideration in the changed scenario.

5.11 The guidelines issued by the Ministry and CIL forms the base for economic appraisal of the project. The availability of resources / funds for timely execution of the project is also taken care of.

5.12 The guidelines issued by the Ministry and CIL forms the base for economic appraisal of the project. The availability of resources / funds for timely execution of the project is also taken care of.

II. Project implementation

(a) Land Acquisition and rehabilitation (Forest and non-forest land)

(i) For forest land constant interaction with Ministry of Environment and Forests (MoEF) and State Government is maintained for timely release of forest land.
(ii) Land acquisition proceedings are expedited by constant follow up with the land acquisition officials of the State Govt.
(iii) Regular meetings with the State authorities viz land, Revenue Commissioner, LR Secretary and Chief Secretary are held to sort out the acute problems
(iv) To initiate action for advance acquisition of land, forestry and environmental clearances and meet with its cost, advance action for projects costing Rs. 50 crore and above are being sanctioned up to Rs. 10 crore in each case since April, 1989.
(v) Offering monetary incentives in lieu of plots as per modified R & R policy of CIL.

(b) Equipment Supply and Turn-key Execution

5.13 Regular follow up with the representatives of the public sector mining equipment manufactures through measures like:

Posting of coal company officials at the works for expediting the supplies.
Frequent Director/ CMD level officers visits.

5.14 Regular review meetings at Secretary level where representatives of concerned Ministries / Departments are also present.

(c) Geo-mining Constraints

Sophisticated geological and geophysical exploration techchiques adopted for advance forecasting of geo-mining conditions.

(d) Project Management

Director (Projects & Planning) posted in each company with overall responsibility of implementation of project.

Comprehensive guidelines for project formulation and monitoring issued by the Department of Coal.

The system of monitoring at various levels has been standardized.

(e) Guidelines by the Govt. on specific measures to cut delays in implementation of projects.

A Group of Ministers (GoM) had been constituted under the directive of the PM in Feb., 1994 to suggest specific measures to cut delays in implementation of projects. The Group submitted its report. Main recommendations were identification of projects for shelving or transferring to Joint/Private sector and re-prioritization of projects in view of resource constraints. The Govt. has accepted these recommendations. Ministry of Statistics and Programme Implementation is coordinating with all the concerned Ministries in regard to implementation of these decisions. On the advice of the Department, Coal companies are taking necessary action in this regard.

5.15 Coal Secretary, while clarifying the need to liquidate arrears on account of wage revision stated:

"By diverting funds from the investment projects, we hope to pay at least another 40% of arrears within a month or so."

5.16 The Committee have noted with concern the cost and time overruns of on-going mining projects of CIL and SCCL. Of the total 79 projects in CIL, 34 projects have been delayed on one pretext or the other. Similarly, out of 25 on-going projects in SCCL, the delayed projects number as many as 10. The Committee find that in the absence of any National Policy on R&R, there has been large scale cost and time overruns. Pending finalisation on National R&R Policy, the Committee recommend uniform R&R Policy for all the coal PSUs. There should be compulsory employment for tribal land losers. The Committee have taken note of the existence of an elaborate monitoring and appraisal system of projects, at different levels, ranging from project level to PMO, for the expeditious implementation of the projects. Sadly, in spite of the large number of agencies monitoring the progress at formulation and implementation stages, the projects have been delayed considerably. In the opinion of the Committee, acquisition of land and problems associated with the clearances from Environment and Forest Departments and their aftermath, constitute the biggest stumbling blocks, in the execution of coal projects. Taking into consideration that 'Land' is a State subject, the Committee recommend that Department of Coal should actively involve the State Authorities in the management of land so that the projects are formulated and implemented expeditiously. Joint Venture or any other instrumentality having financial stakes in such projects can be one of the options for actively involving the State. Steps should be taken to simplify the procedure for obtaining clearance from Environment and Forests Ministry. The Committee find that in the absence of any policy of R&R, there has been large scale cost and time overruns. Pending finalisation on National on R&R Policy, the Committee recommend uniform R&R Policy for all the coal PSUs be chalked out. There should be compulsory employment for tribal land losers. At the same time, the Committee recommend that Government should further review and tone up their project planning and formulation machinery. The Committee feel that the Government should make a clear cut decision in case of any new project as to whether to have it or not. And if they decide to have a new project then clearances from the Ministry of Environment and Forests and other agencies should be ensured by them before hand so that there are no cost and time overruns. The Committee would also like to emphasise that Government should reassess and prioritise of the ongoing/pending projects, taking into consideration the infrastructure and resources available at their disposal. Pending completion of the on-going projects, CIL especially subsidiaries incurring heavy losses, should avoid undertaking new projects. The Committee, would also like to recommend that Government should consider shelving of these projects which have become techno-economically unviable.

5.17 The Committee do not approve the action of the Government in diverting funds from the investment on projects for meeting the wage revision arrears. The Committee are of the considered view that on the one hand projects have been languishing for want of funds and on the other hand scare resources are proposed to be diverted for meeting wage revision arrears. Although the wages and arrears should be paid, it should not be by diverting funds from projects investment. The

Committee, therefore, stress that other ways and means should be found out for payment of arrears. The Committee find that most of the coal projects have become unremunerative, on account of hike in rate of return from 14 per cent to 18 per cent. This is one of the reasons for the projects being abandoned midway. The Committee desire that the Government should undertake an indepth study before a final decision is taken for continuance of the project or otherwise.

E. Utilisation of Machine and Appliances

The technology employed for extraction of coal in open cast mines of Coal India Limited includes dragline mining, shovel and dumper mining, dragline and shovel/dumper combined mining, inpit crushing and conveying of coal and coal extraction with surface miner (initial stage of application). And equipments used in such operations are as under:-

a. Walking dragline

b. Electric Rope Shovel

c. Hydraulic Shovel

d. Rear Dumpers

e. Rotary Blast Hole Drills

f. Bull Dozers

6.2 The technology and equipment details used in underground mining are as under:

	Technology	Equipment
	Caving	
(i)	Manual Bord & Pillar Mining	:Tub-Haulage
(ii)	Semi-mechanised Bord & Pillar Mining	:SDL/LHD, Conveyor
(iii)	Longwall Mining Technology	:Powered Supports, Shearer, Conveyor, Lump Breaker etc.
	Stowing	
(i)	Manual Bord & Pillar Mining	: Tub-Haulage
(ii)	Semi-mechanised Bord & Pillar Mining	: SDL , Conveyor
	Others	
(i)	Blasting Gallery	:Remote-controlled LHD, Jumbo drill
(ii)	Cable bolting	:SDL/LHD, Conveyor.
(iii)	Wide Stall	:SDL, Conveyor, Roof Bolter
(iv)	Mechanised Bord and Pillar	: Continuous Miner, Shuttle Car,

development by continuous miner : Roof Bolter, Feeder-breaker

6.3 The details of availability and utilization of major machines and equipments in open cast and underground mines during 9th Plan and their comparison with norms fixed for the purpose by CMPDIL is given at **Annexure-V.**

6.4 The major reasons for mismatch between norms fixed and actual utilization of these machines are as under:-

(i) Non-availability of spares in time from Original Equipment Manufactures (OEMs).
(ii) Lack of adequate workshop facilities for repair and maintenance in certain mines.
(iii) Difficult mining condition like presence of u/g voids, fire, etc. in some of mines.
(iv) Lack of adequate auxiliary equipment in most open cast mines.
(v) Non-availability of highly skilled operators and maintenance personnel required for operation and maintenance of sophisticated machines.
(vi) Non-availability of fund for replacement of old machines in some companies.
(vii) Poor performance of certain shovels and dumpers supplied by erstwhile USSR.

6.5 When asked about the steps taken to improve the availability and utilization of these equipments, the Department of Coal in a written note stated that the following steps have been taken to improve the utilization. These are as under: -

(i) Ensuring availability of spares in time.
(ii) Provision of adequate workshop facilities for repair and maintenance.
(iii) Condition monitoring.
(iv) Maintenance of haul road with proper gradability.
(v) Mobile repairing facilities with proper communication arrangement.
(vi) Regular monitoring of availability and utilization of equipment.

6.6 In regard to steps taken to improve the after sale service so as to bring the equipments of international standards, the Department informed that equipments such as haulages, SDL (Side Discharge Loader), LHD (Load Haul Dumper), tubs, drills, conveyors and other auxiliary equipments are presently being indigenously manufactured. There are no problems of spares and after-sale-services for these equipments. However, longwall equipments and remote controlled LHDs for Blasting Gallery method are being imported and majority of their spares are also imported. This import of spares normally forms a part of the contract of equipment supply for a specific period. The supply of indigenous equipments are being scrutinized at the appropriate levels for their suitability in their standard of manufacture & supply. Additionally, continuous quality checks on the supply & in use of the equipment and spares are also being exercised by the user company and procurement is being regulated accordingly at various levels.

6.7 When Committee enquired as to how the Government propose to augment their machineries and equipments without incurring heavy investment, Chairman, CIL stated as under:-

> "We are gradually shifting to the policy of not making outright purchases. For example, in WCL and BCCL, we have gone into a contract, which are still in the process of being finalized, where it will be on the basis of sharing profit and loss. For example, we purchase underground equipment costing about Rs. 30.00 crore. Then, we enter into an agreement with the party that out of Rs. 30.00 crore, we will be paying, say 25%, or a certain amount on the receipt of the equipment. But the balance amount will be paid only after the equipment is being used and coal is being sold. We provide an escrow arrangement. The owner of that machine, from whom it has been purchased, is responsible to maintain that machine to ensure steady supply of spare parts and gainful utilization, that is operation of that machine. Although, manpower utilization would be that of ours. By doing that the balance payment, may be 50% of 75%, depending on the various contracts, will be paid by the coal company after raising and selling coal. For that they have an escrow arrangement. By that, only after a particular period, after the total money has been paid, the machine will belong to me because at that time, maybe it has been depreciation, at a residual value the machine would be transferred or we would have the opportunity to say that we did not want that machine and that they could take it back. Even in case of opencast we want to go for either dry leasing or wet leasing. But let us see how things shape up. Nothing still has been concretized and started. But we are on the process of this."

6.8 The Committee are concerned to note the performance of major equipments used in opencast and underground mining operations both in terms of availability and utilization in almost all of the subsidiaries of CIL and SCCL. The Committee are further unhappy to observe the yawning gap between the liberal norms fixed by CMPDIL for the utilization of equipments and their actual utilisation, in each year of the 9th Plan period for CIL and its subsidiaries. For instance as against norms of 58% in respect of Electric Rope Shovel, the average utilization was 36% and ECL/CCL showing utilization in the range of 28-32%. The utilization of Hydraulic Shovel was in the range of 34% as against the norms of 61%. Similarly, Dumpers recorded fleet utilization of 20% against norms of 50%. The utilization of Drills and Dozers were also far from satisfactory. Some of the reasons attributed for idling and under-utilisation of equipments and machineries, such as non-availability of spares in time, lack of adequate workshops for repair and maintenance, difficult mining conditions, non-availability of skilled operators and maintenance personnel, etc. are hardly convincing and do not justify such a sordid state of affairs. The Committee would also like to be apprised of the loss to the exchequer – both in terms of decline

in production and productivity caused due to idling and under-utilization of equipments and machineries. The Committee are of the considered view that the under-utilization of equipments and machines both for underground and open-cast operations not only impede the productivity (OMS) but also the profitability of CIL and its subsidiaries. On one hand, subsidiaries like ECL, BCCL and CCL are reeling under heavy losses and on the other hand the productivity of men and machinery is showing a declining trend on account of gross under-utilisation of equipments and machinery. The Committee recommend that a detailed mine-wise exercise should be undertaken to assess the reasons for idling and under-utilisation of machinery and equipments with a view of fixing responsibility for idling and under-utilisation of machines and equipments. The Committee also desire that an action plan should be formulated with clear-cut demarcations of accountability and responsibility at each stage of the hierarchy, for improving the fleet utilisation and availability. In this context, the Commission desire that CIL should constitute a Committee to look into the question of diversion of equipments and machinery lying idle from one subsidiary to another, so as to improve fleet utilisation. The Committee would like to be apprised of the action taken thereon. Pending improvement in the utilization and availability of equipments and machines, no further new equipments and machinery be purchased either within the country or imported from abroad. Resources thus saved should be appropriated for improving fleet utilisation.

6.9 The Committee have taken note of the inability of CIL and its subsidiaries in expanding their existing equipments and machineries for want of adequate resources. In this context, the Committee would like CIL to examine the necessity of undertaking wet or dry leasing of equipments and machinery, without incurring heavy investment. The Committee would like to be apprised of the action taken thereof.

F. Safety & Closure of Coal Mines

SAFETY

Consistent with the goal of nationalization of coal mines CIL is committed to improvement of the safety in its mining operations which is reflected in the mission of CIL. With this in view Coal India Limited has formulated a safety policy. This is implemented through a structured an Internal Safety Organisation (ISO) in each subsidiary company as well as at CIL level. As a result of this continuous efforts towards greater safety in operations there has been a marked improvement in the safety scenario as will be evident from the table give below which gives the competitive position in 2001 vis-à-vis 1975 and 2000: -

Year	Fatal Accident		Serious Accidents		Fatality Rate		Serious Injury Rates	
	Accidents	Fatality	Accidents	Injuries	Per M.T.	Per 3 Lakh Manshifts	Per M.T.	Per 3 Lakh Manshift
1975	177	233	1456	1515	2.62	0.52	17.0	3.41
2000	80	100	447	471	0.37	0.25	1.64	1.12
2001	67	102	414	440	0.37	0.27	1.60	1.15
2001*	66	73	414	440	0.27	0.19	1.60	1.15

* Excluding inundation in Baghdigi in 2001

Note: Serious accident, injury figures are related rates for 2000 and 2001 are subject to reconciliation.

7.2 The following measures were adopted in 2001-02 to maintain the continuous march towards enhanced safety in operations: -

(i) Check correlation survey is being conducted to estimate the barrier between two mines wherever danger of inundation exists and has been completed in 86 mines out of 96 mines till October, 2001.

(ii) Mine plans are being connected to the National Grid and this has been done in 425 out of a total of 483 mines.

(iii) Plans have been drawn after fresh survey in 406 mines out of the 425 mines connected to the National Grid.

(iv) Assessment of availability of survey instruments in all mines in all subsidiaries has been done and corrective action is being taken.

(v) A programme has been taken up for providing adequate numbers of portable Rest Shelters to workmen in opencast mines.

(vi) Safety Audits are continued to be conducted in all mines to identify dangers and take corrective action.

(vii) Thrust on training and re-training of workmen, supervisors and special categories of workmen like support-men, heavy earth-moving machinery operators and supervisors is being continued.

7.3 When asked about the provision of safety related budgetary allocation and other utilization for different activities since 2000-01, the Department of Coal in a note furnished the following information.

7.4 The company wise budgetary allocation and utilization in the different activities since 2000-01 in coal PSUs are as under:-

(Rs. crore)

Company	2000-2001				2001-2002	
	Budget		Expenditure		Budget	
	Capital	Revenue	Capital	Revenue	Capital	Revenue
ECL	7.52	43.16	5.67	43.10	8.50	43.78
BCCL	9.43	125.49	5.92	107.00	12.34	120.78
CCL	1.41	7.93	1.41	6.84	3.22	8.36
NCL	1.31	3.32	0.31	3.28	2.40	4.63
WCL	4.00	40.00	1.36	38.79	4.91	40.00
SECL	19.66	71.71	12.56	54.35	20.10	72.50
MCL	3.00	11.49	1.50	7.10	2.82	11.50
NEC	1.49	2.50	0.81	2.20	2.35	1.82
CIL	47.82	305.60	29.54	262.66	58.64	303.37
Total	353.42		292.20		362.01	

7.5 The items, under both capital and revenue heads, have been grouped under various subjects like ventilation, occupational safety and health, fire control and fire fighting, dust suppression measures, rescue and first aid, personal protective equipment, safety awareness/training, internal safety organisation, support, transport equipment in mines, lighting, communication, emergency equipment, water management, etc.

7.6 The capital head contains the capital expenditure under the subjects listed above whereas the revenue head contains items like repair, maintenance, servicing, running power cost, stores, refilling costs, compensation, salary and wages, allowances, cost of materials, sand stowing, dewatering, conducting safety audits, etc.

7.7 When asked about the reasons for not expending the capital budget, the Department of Coal stated that the capital budget could not be utilised as equipments like environment at tele, monitoring system, digital multi-gas directors and other safety equipments (self-recurs) are not available indigenously and these are being imported. Imported items have to meet Indian environment like DGMS approval and conformity with BIS standards. Delay in obtaining these certificates led to non-utilisation of capital budget for safety.

CLOSURE OF MINES

7.8 A large number of mines have been closed down in various subsidiaries. The details of mines closed down in CIL, (subsidiary-wise) and SCCL are as follows: -

Sl.No.	Company	Number of mines closed
1.	ECL	65
2.	BCCL	19
3.	CCL	19
4.	NCL	1
5.	WCL	44
6.	SECL	22
7.	MCL	NIL
8.	NEC	NIL
9.	SCCL	9

7.9 The major reasons for closure of these mines are as follows: -

(i) Exhaustion of mineable reserves
(ii) Safety consideration
(iii) Fire and inundation
(iv) Techno-economic un-viability
(v) Geo-mining conditions
(vi) Drowning of pits
(vii) Non-availability of land

7.10 When asked about as to what steps CIL and its subsidiaries have taken in the aftermath of closer of a mine, the Department of Coal in a note informed as under: -

a Social i.e. Reaction from affected workers of the closed mine

7.11 In every case, so far, Coal India and its subsidiaries have gainfully re-deployed all the affected workers and machines of a mine that has been closed or in which work has been suspended due to some reasons or other. No workers are retrenched. Their place of residence along with all amenities is retained. Whenever required, they are provided buses for attending their new place of posting.

b Effect on safety aspects

7.12 Whenever a mine is closed or the works are abandoned/discontinued statutory notices are sent to all concerned statutory bodies under clause 6 of Coal Mines Regulation, 1957. In order to have effective safety, provisions of adequate fencing and gates are made. They may be in the form of burglar fencing/stone walls/brick wall etc., as required. Open mouth of the shafts and inclines are effectively sealed with brick wall in cement mortar and at times the mouth of inclines are filled with debris to prevent any unauthorised entry for illegal mining.

7.13 When asked whether the Government have undertaken any exercise and conducted surprise checking in the aftermath of mines being closed, the Department of Coal stated that Clause 10 of Colliery Control Order, 2000 (CCO 2000) lays down that if the mining operations in a coal mine or seam or a section of a seam is suspended or closed temporarily or permanently, as the case may be, for any reasons whatsoever, then, a notice of such suspension or closure shall be given by the owner, agent or manager of the colliery, within a period of thirty days from the date of such suspension or closure to the Coal Controller. Further, Clause 12 of CCO 2000 empowers the Coal Controller or any other officer authorised by him in writing to inspect the collieries for securing compliance of this order. The Government utlises these powers as and when required. The Director General of Mines Safety also inspect the Collieries regularly in order to have safety measures complied with.

7.14 In compliance with various provisions of the Mines and Minerals (Development and Regulation) Act, 1957 and Mineral Concession Rules, 1960, after an underground mine has been closed the entries to the same are fenced off permanently by Coal India Limited. In case of opencast mines, the decoaled area is either backfilled or water is allowed to accumulate to form tanks or the remaining exposed coal is covered with overburden. In case of inclines starting from quarries the entries are either permanently sealed off or overburden is dumped at the entry. These fencings are inspected by security personnel from time to time.

7.15 When the Committee enquired whether they have appointed some designated officers to ensure the safety aspect in relation to closer/abandonment of mines, the Department informed that illegal mining activities being done are in the nature of clandestine extraction and pilferage of coal from abandoned/disused mines in the outcrop regions. This is also being done in places where the mining lease is held by CIL but land is in the possession of somebody else. In the former case while protective works are done. In the second case excepting FIR and information to State Government nothing can be done from CIL’s end as per the law of the country. Following steps have been taken for preventing illegal mining: -

(i) Intelligence collection
(ii) Dozing off/filling up of illegal mining sites wherever possible. Erection of fencing/walls in abandoned disused openings.
(iii) Round the clock patrolling by own security force and CISF. Cases of illegal mining are reported to district authorities.
(iv) Whenever illegally mined coal and implements of illegal mining are seized during the course of raids, the same are handed over to local police and FIRs lodged.
(v) Close liaison is kept with district authorities in curbing illegal mining.

7.16 Supervision of closed/abandoned mines is not done. Instructions have been issued by Secretary (Coal) vide his D.O. letter dated 18.12.2001 to the Chief Secretaries of coal producing States for giving appropriate directions to the concerned district authorities, where such illegal mining is believed to be taking place to take effective preventive steps to check such illegal and criminal activities.

7.17 When the Committee pointed out about one coal accident that occurred in Kolkata, West Bengal, the Chairman, CIL during evidence before the Committee deposed as under: -

> "…that was not having a surface lease as far as we were concerned. We tried out best to procure the land, but that could not be done by CIL. They made inroad into the coal property and because of that some accident has taken place. A number of people have died and there is no evidence of that. Nobody could say how many people have died. We have discussed it with the State police authorities and they assured that they would be more vigilant about it. As far as surface lease is concerned, it was not there with us and so we could not do anything about it. The people owing the land entered the area…since the land was not belonging to us it was not possible for us to do anything. You are right, we could have had information, but we could not get it."

7.18 When asked about the steps DGMS taken to ensure compliance of safety standards and practices, the Department of Coal in a note informed that provisions for safety of persons employed in mines are contained in the Mines Act, 1952 and the Rules and Regulations framed thereunder. The safety laws are kept under constant review and amended from time to time. The Directorate General of Mines Safety also issues guidelines in the form of circulars to the management for improving safety measures. These provisions are required to be complied with by the mine managements. The officers of the Directorate General of Mines Safety inspect the mines periodically to oversee the status of compliance with the safety provisions and to take action as provided for under the Mines Act, 1952 in case of default. Besides the legislative measures the Government is promoting a number of other initiatives such as: -

(i) Conference on safety in mines
(ii) Self-regulation by managements
(iii) Workers' participation in safety management
(iv) Tripartite and Bipartite reviews at various levels
(v) Training of work persons
(vi) Observance of safety weeks and Safety Campaigns
(vii) National Safety Awards.

7.19 Violations detected during the course of inspections are discussed and also brought to the notice of management in writing on the spot and/or by a subsequent letter for rectification. Management in turn are required to submit a report on the state of compliance to the Office of DGMS, within 15 days. Violations of repeated nature and those calling for higher management intervention are often monitored at periodic or ad hoc co-ordination meetings.

7.20 Where the violation is of a serious nature one or more of the following actions is taken: -

- Issue of an improvement notice for rectification of the violation(s) within specified time limits.
- In case on non-compliance with the terms of the notice within specified time limit or in case of immediate and urgent danger, issue of an order prohibiting normal employment of work persons till the danger is removed.

7.21 DGMS also takes preventive action by way of:

- Withdrawing permissions given for working the mine if the conditions obtaining in the mine are not found conducive to safety.
- Stoppage of working during monsoon where danger of inundation is apprehended.
- Requiring management to restore by packing, etc. the stability of unstable workings made below important surface structures. In appropriate cases, DGMS prosecutes erring management in a Court of Law.

7.22 In regard to steps that the Department of Coal and Directorate General Mines Safety (DGMS) have taken to augment the strength of enforcement of machinery, the Committee was informed that a proposal for creation of a bare minimum no. of posts was proposed for enhancement of inspection activities to facilitate at least one general inspection in a year of those coal mines which are potentially dangerous and prone to danger of explosion, inundation, fire, etc.

7.23 When asked whether the Department of Coal and DGMS propose to utilise the service of ex-employees of DGMS or similar bodies on piecemeal/contract basis for inspection, survey, mapping and other safety related activities, the Department of coal stated as under:

7.24 In the Proposal for amendment of some of the provision of the Mines Act 1952, a term, Mining Auditor was incorporated which means a person who has been accredited by the Chief Inspector to undertake the audit consistent with the provisions of the Mines Act and of the Regulations, Rules, By-laws and of any order made thereunder on safety, health and welfare in a mine. The service of Ex-Employee of DGMS or similar bodies can be availed after the amendment of the Act.

7.25 The Committee are constrained to note that the Coal India Limited (CIL) has been unable to utilise its budgetary allocation on safety related activities. For instance, as against the budgetary allocation of Rs. 353.42 crore during 2000-01 the expenditure was only Rs. 292.20 crore. Strangely, the main reason attributed for non-utilization of budgetary allocation was the inability to import the safety related equipments as they were not approved by DGMS, being not conforming to BIS standards. The Committee do not approve of such a sordid action on the part of the Department of Coal, especially, in the matter of safety. The Committee would like to emphasise that bureaucratic delays should not be a cause for under-achievement in safety related activities. The Committee while recommending that the Government should take a proactive role so as to expend the budgetary allocation also desire that the Government should strengthen their safety apparatus in coal mines. The Committee find that lack of ventilation facility is one of the grave and potential source for a mine accident in underground mine. The Committee recommend that in the interest of safety, proper care should be taken to ensure this facility.

7.26 The Committee have noted that in spite of various statutory provisions requiring compliance with safety measures, on a mine being closed, illegal mining activities, are on the rise. At times, despite mining lease vesting in CIL, the land is encroached upon. A number of times, these illegal mining activities have led to big mining accidents for which it becomes difficult to fix responsibility. The Committee, therefore, recommend that CIL and their subsidiaries should step up their enforcement machinery to curb such illegal activities. The Committee would like be apprised of cases of illegal mining activities and follow-up action taken in such cases. The Committee have observed that a close supervision of closed/abandoned mine is not undertaken. The Committee, recommend that in the interest of safety, such supervision should be initiated even in cases, where the land belongs to someone else, but the mining lease vested with CIL. The Committee also desire that CIL should constitute a Committee to examine the re-engineering of suspended/closed mines. The mines which are techno-economically viable should be reactivated.

7.27 The Committee have observed that DGMS, for want of adequate staff and field officers, have been unable to perform their statutory functions properly. The statutory Safety Audit required to be conducted every year, has not been undertaken for years together. Only those mines, which are potentially dangerous are subjected to inspection. The Committee are at a loss to understand the inability of undertaking mining inspection, which is so vital for a mining operations. The Committee, therefore, desire that need-based manpower to DGMS should be provided and at least one general inspection in a year conducted, as required under the statute. It is in this context, that this Committee had earlier recommended that surplus staff of CIL or its subsidiaries may be placed at the disposal of DGMS. They may be paid by the coal companies, but should be mandated to report to DGMS directly. The Committee desire that the Government should accept their advice in this regard. The Committee also suggest that to meet the shortage of the staff, the services of ex-employees of DGMS and alike bodies should be utilised on contract/piecemeal basis for undertaking safety related functions. The Mines Act, 1952, if need be suitably amended.

7.28 The Committee have observed that presently there is no Act in the country to regulate the mine closure plan and its implementation. Under the present practice, the closure operation is undertaken, at the end of project cycle. The operation is generally a failure on account of lack of funds, technical expertise and poor implementation of planning system. The primary aim of mine closure plan is to ensure that decommissioning of mine and associated rehabilitation are successfully achieved. However, this is seldom met. The Committee, therefore, recommend that comprehensive rules and regulations of mine closure plan should immediately be laid down by DGMS if this not already done.

G. <u>Captive Mining</u>

121 coal mine blocks/sub-blocks were identified for allocation to private sector for mining for specify end-users on captive mining basis. Out of these blocks 121 blocks, 27 blocks were allocated and only 3 have commenced production. When asked about the reasons as to why all the 121 identified blocks/sub-blocks could not be handed over to prospective entrepreneurs, the Department of Coal in a note stated that as on date 128 captive mining blocks/sub-blocks have been identified for allotment to public/private sector parties for specified end-users on captive basis. All of these blocks could not be allotted for want of interested parties and submission of proper and complete documents. At present 27 captive mining blocks stand allotted to pubic/private parties for captive use. Only 3 parties have, however, actually started production of coal for meeting the coal requirement of their captive plans. The parties to whom captive mining blocks are allotted on the basis of recommendation of the Screening Committee are invariably advised to further complete legal/commercial formalities as also obtain environmental clearances and to develop end-use plants in synchronization with the development of the block allotted. Delay in development of the block and the associated end-use plant is

generally on account of delay involved in completion of legal/commercial formalities and obtaining environmental clearances.

8.2 When the Committee pointed out to illegal sale of coal for commercial purpose from these mining blocks and desire to know the action taken to curb such activities, the Department of Coal informed that captive mining blocks are allotted to public/private parties for specified end-users on captive use. The allottees are invariably required to develop captive mining block in synchronization with the end-use plant. Thus, coal mined from the blocks allotted is meant for exclusive use in the captive plant for which the block has been allotted. Sale of coal from the block allotted is violative of law. As and when any instance of reported sale of coal violation of law is brought to the notice of the Department of Coal, the matter is enquired into and appropriate action taken. For instance, reported sale of coal by M/s. Central Collieries Company Limited from the captive mining block allotted for captive power generation, without the captive power plant having come up, was enquired into. A show cause notice was served on the party for explaining the alleged action. The reply received from the party was not found satisfactory and Department of Coal wrote to the State Government of Maharashtra recommending for cancellation of coal mining lease granted to M/s. Central Collieries Company Limited in respect of Takli-Jena-Bellora block (Southern Part) and also requested for cancellation of these lease under intimation to this Department.

8.3 When the Committee asked about complaints having been received by the Government about unathorised mining/illegal sale of coal, the Department of Coal informed the Committee that the matter has been enquired into through coal companies/coal controller organization and furnished following information.

8.4 M/s. Jindal Strips Limited was allotted one coal mining sub-block viz., Gare-Palma IV/1 for meeting requirement of coal for their sponge iron plant at Raigarh and another two mining sub-blocks viz., Gare-Palma IV/2 and IV/3 for supply of coal to their thermal power station. The production in Gare-Palma IV/1 block has started and is being used in their sponge iron plant. The coal is being washed in the captive coal washery and the washed coal is fed to the sponge iron plant. The coal fines obtained from the washery, not fit for use in their sponge iron plant, have been allowed to be disposed by the Government under existing guidelines. As regards the other two sub-blocks, the allottee has intimated that the mining has not so far started in these blocks and the same will be done in synchronization with the power plant. Mining lease has not yet been granted by the State Government.

8.5 A complaint was also received regarding alleged irregular mining of coal from a captive block in Narsinghpur District of Madhya Pradesh by M/s. BLA Industries. Officers from WCL inspected Dharmasthal coal project in Narsinghpur District of MP being operated by M/s. BLA Industries and reported that no coal is being mined and produced, though some excavation of over burden has been carried out.

8.6 The Committee find that 121 coal mining blocks/sub-blocks under the jurisdiction of CIL and another 7 SCCL's blocks have been identified for mining for specified end use. However, only 27 blocks at present stand allotted to various parties and of them only 3 have commenced production. The Committee do not approve of the inordinate delay in the development of the coal mine blocks allotted to various parties. The Committee desire that the Government should ensure that all the entrepreneurs commence production in terms of the rules/status framed for the purpose. The Committee recommend that the Government should not grant extension of time, as a matter of routine. The Committee, at the same time, recommend that the Government should review the allotment of 27 blocks afresh by an enlarged and upgraded Screening Committee under the chairmanship of Secretary, Coal. The allotment of blocks to recalcitrant parties should be cancelled forthwith. The Committee also recommend that this Committee should also consider on merits the allocation of the remaining blocks to the prospective entrepreneurs.

8.7 The Committee are unhappy at the reported deviations of the guidelines/policies in regard to captive mining by some of the entrepreneurs and recommend that all the captive mining blocks should be monitored closely. In the event of any deviation like unauthorised sale of coal for non-captive purpose, the matter should be investigated and appropriate action be taken thereon.

H. Environment Measure & Subsidence Control

30 schemes under Environmental Measures and Subsidence Control (EMSC) have been approved, since their inception, from the year 1996-97. Out of these 14 schemes will be completed till March 2002. Of the balance 16 schemes, 2 are demonstration projects which are under trial and no time frame can be fixed. Out of the balance 14 schemes, 10 will be completed by 2002-03 and 4 during 2003-04. Of the 10 schemes to be completed in 2002-03, 9 will be with time over-run. Of the 4 schemes likely to be completed during 2003-04, only one scheme may have time over run.

9.2 Two demonstration schemes for rehabilitation of people from endangered areas, one each in BCCL and in ECL were approved by the Government in 1998-99. Demonstration Scheme for BCCL envisages rehabilitation of 4600 houses out of which 1500 are to be occupied by BCCL employees and 3100 are to be occupied by non-BCCL persons/encroachers. For BCCL employees, construction of 344 houses has been taken up out of which 80 houses have been completed and 32 families have already been shifted. Balance 264 houses are at different stages of construction. For rehabilitation of non-BCCL persons, a High Level Committee has been constituted by the Govt of Jharkhand under the Chairmanship of Minister of Mines, Govt. of Jharkhand to look into the matter of shifting these people from the affected areas.

9.3 The demonstration scheme for ECL envisages rehabilitation of four villages namely, Kenda, Harishpur, Bangal Pada (Refugee Basti) and Samdih. For Refugee Basti, alternate site was identified but the existing villagers at the new site are not allowing this rehabilitation. For other three villages, alternate sites could not be finalised yet.

9.4 The physical and financial status of the EMSC schemes during the last three years are as under: -

Year	Physical Achievements				Financial Achievements (Rs. crore)	
	Schemes at the beginning of the year	Schemes added	Schemes Completed	Schemes at the end of the year	Revised estimates for the year	Money disbursed
1998-99	22	3	3	22	10.00	10.oo
1999-2000	22	Nil	2	20	11.63	8.00
2000-01	20	1	2	19	10.00	6.30
2001-02	19	3	6 (Expected)	16	4.6*	3.31 (Expected)
Balance for 2002-03: 16 Schemes *Excluding N.E. P – provisiona						

9.5 No cost overrun has taken place in the completed schemes. In view of no cost over runs, time extension has been granted by Competent Authority (sub-committee of SSRC). Hence, per se, no time over run has resulted for completed schemes.

9.6 Rs. 7.24 crore (excluding N.E. provision) was provided for rehabilitation, control of fire and subsidence in Jharia and Raniganj coalfields in the 2001-02. No Budgetary provision has been provided under this head in the year 2002-03. Commenting upon for not providing any budgetary support during 2002-03, the Department of Coal stated:

> ‘Budget provision of Rs. 7.24 crore were made for RCFs schemes for the year 2001-2002. For the first time 4 RCFS scheme were approved by the SSRC in July-August, 2001 for a total cost of Rs. 25.60 crore. Duration of each scheme is 4 years. Revised budget provision for 2001-02 has been proposed as Rs. 7.95

crore. Rs. 1.53 crore have been released by this department first time in February, 2002.

9.7 Budget provision of Rs. 13.10 crore have been made for ongoing schemes under RCFS has been now merged with EMSC for the year 2002-03. The schemes are at the initial stage of implementation.

9.8 For the schemes under Environmental Measures and Subsidence Control (EMSC) Rs.12. 17 (excluding N.E. provision) crore was kept in BE 2001-02 which was assessed at Rs. 4.06 crore (excluding N.E. provision) at the RE stage. This variation was due to slow progress of the schemes. For BE 2002-2003 provision of Rs. 31.18 crore (excluding N.E. provision) has been kept. The main increase over RE 2001-02 is due to provision of Rs. 10.00 crore for the scheme titled Shifting of people from most endangered areas of BCCL. This increase of Rs. 10.00 crore has been provided since a modified scheme with revised cost estimate for this scheme is under consideration of the Government.'

9.9 During the year 2001-02, 22 schemes are ongoing under the head "EMSC", out of which 6 schemes will be completed by March 2002. Of balance 16 schemes, 14 schemes will be completed by the year 2003-04.. Out of the financial target of Rs. 4.06 crore (RE 2001-02), Rs. 3.31 crore has already been disbursed.

9.10 The Committee find that 30 schemes were approved under 'Environmental Measure and Subsidence Control' since their inception in during 1996-97. There were as many as 10 schemes for environmental measures, 18 for subsidence control and another 2 under social mitigation. Sadly, only two schemes under environmental measure and 11-under subsidence control have been completed leaving 17 schemes, which are yet to be completed. As against approved cost of Rs. 124.47 crore only a sum of Rs. 41.74 crore has been disbursed for running these schemes. There have also been wide variations between revised estimates and utilisation of budgetary allocation, since 1999-2000 for these schemes. The Committee are concerned to note the slow pace of progress of these schemes and that there have been severe deficiencies in the planning and formulation of such schemes. They desire that the Government should review all the ongoing schemes, prioritize them and implement them expeditiously. The Committee would like to be apprised of the reasons of mismatch between RE and utilisation of funds allotted for these schemes. The Committee have been informed that there has been large-scale under-utilisation of the earmarked budget for undertaking subsidence work in Jharia and Raniganj coalfields. The Committee would like to be apprised of the reasons and corrective actions should be taken thereon. The Committee desire that the Government should view the fire and subsidence issues a national problem and take remedial actions on war-footing. The Committee are concerned to observe that some villages have been declared as unsafe in Raniganj and Jharia coalfields. However, no action has been taken for the rehabilitation of the villages. The

Committee desire that immediate steps should be taken for the rehabilitation of such villages.

I. Research & Development Projects

The Research & Development activities in coal sector are administered through an apex body namely Standing Scientific Research Committee (SSRC) with Secretary (Coal) as its Chairman. The other members of this apex body include Chairman of CIL, CMDs of CMPDIL, SCCL and NLC, Directors of concerned CSIR laboratories, representatives of Department of S&T, Planning Commission and educational institutions, amongst others. The main functions of SSRC are to plan programme, budget and oversee the implementations of research projects and seek application of the findings of the R&D work done. For in-house R&D work of CIL, an R&D Board headed by Chairman, CIL is also functioning.

10.2 The SSRC is being assisted by four Standing Sub-Committees, each dealing with one of the four relevant major areas of research viz. (i) Production, Productivity & Safety (ii) Coal Beneficiation (iii) Coal Utilization (iv) Environment & Ecology.

10.3 CMPDIL acts as the Nodal Agency for coordination or research activities in the coal sector, which involves identification of thrust areas for research activities, identification of agencies which can take up the research work in the identified fields, processing the proposals for Government approval, monitoring the progress of implementation of the projects, preparation of budget estimates, disbursement of funds, etc.

10.4 During the first 4 years of 9th Plan period, 42 projects have been completed by various agencies. Status of coal S&T projects in the 9th Plan period are as follows: -

(i)	Projects on-going as on 1.4.1997	42
(ii)	Projects approved during the 9th Plan till (1.1.2002)	53
(iii)	Projects completed in 9th Plan till (1.1.2002)	43
(iv)	Projects terminated in 9th Plan till (1.1.2002)	07
(v)	Projects on-going as on .(1.1.2002)	45
(vi)	Projects likely to be completed till 31.3.2002	06
(vii)	Projects likely to spill over to 10th Plan	39

10.5 A budget provision of Rs. 11.70 crore excluding NE provision was made for the year 2001-02 for R& D activities in the coal sector which was revised to Rs. 0.17 crore excluding NE provision at RE stage. A provision of Rs. 6.78 crore has been kept for 2002-03. When the Committee enquired about the reasons for reducing the budget amount for R&D work during the year 2001-02 and rise in the same during the year 2002-03, the Department of Coal in a note furnished to the Committee stated that the BE provision for S&T Programme for the year 2001-02 was Rs. 11.70 crore. RE provision was reduced to Rs.7.50 crore as the project titled 'Beneficiation of Low Volatile Medium

Coking Coal Through establishment of washery at Golukdih' could not be started due to high quotation received against the tender for establishment of this washery. The revised project proposal is under preparation. The RE provision of Rs. 7.50 crore, was further reduced to Rs. 0.17 crore. This was done as no fund was drawn. However as an amount of Rs. 6.0 crore is available with CMPDI (nodal agency) from the terminated project titled 'Introduction of shortwall mining in Borachak seam of Chinakuri mine No. III, ECL', the fund availability will remain at the level of Rs. 6.17 crore. The total disbursement during the current year is expected to be around Rs. 6.17 crore.

10.6 Under coal S&T programme notable achievements have been witnessed in various fields – chief among these are:-

- (i) Geophysical exploration strategy
- (ii) Hydrogeology
- (iii) Method of mining
- (iv) Strata control
- (v) Blasting
- (vi) Stabililsation of unapproachable workings
- (vii) Mine ventilation
- (viii) Mines fires
- (ix) Fine coal beneficiation
- (x) Beneficiation of non-coking coal
- (xi) Smokeless fuel
- (xii) Coal gasification
- (xiii) Bio-fertiliser
- (xiv) Land reclamation
- (xv) Ash pond reclamation

10.7 However, there is a vast scope for improvement in R&D efforts. In fact, in the absence of in-house R&D set up in CIL– the projects are being formed out to outside agencies. This has also led to part utilisation of the budget.

10.8 The Committee have taken note of status of Coal S&T Projects during the 9th Plan and have come to an irresistible conclusion that the pace of such projects is rather slow. There are as many as 45 ongoing projects and 30 projects may spill over to 10th Plan. The Committee are also constrained to note that the budgetary allocation for R&D and S&T projects remained unutilised for years. There were also huge mismatches between budgetary allocation at initial stage, revised estimate stage and also at actual utilization stage. The budgetary allocation of Rs. 11.70 crore during 2001-02 was drastically reduced to Rs. 0.17 crore since the R&D project could not commence on account of high quotation received for the purpose. In the opinion of the Committee, there is lack of concerted efforts on the part of the Department of Coal to ensure timely completion of the projects. The Committee desire that the Government should review the process of planning, programming, budgeting and implementation of research projects, so that R&D/S&T projects are

completed as per their schedule and become instruments to improve productivity. The Committee also desire that the Government should play a proactive role in the application of funding of R&D works in different areas of coal industry. This may improve the production, productivity, beneficiation and utilisation of coal. The Committee, therefore, desire that such works should be undertaken on a large-scale so that the fruit of R&D/S&T projects are enjoyed across the country. The Committee find that R&D/S&T is not a thrust area of the Department of Coal and does not receive the attention, which it otherwise is entitled to. The Committee further note the inadequacy of budgetary allocation for R&D/S&T projects. The Committee are of the considered view the R&D plays a pivotal and vital role in the development and prosperity of the coal sector. The Committee, therefore, recommend that the Government should step up their investment on R&D projects and at least 1% of the total outlay of the Department of Coal should be earmarked for this sector.

J. Securitisation of Outstanding dues of Coal PSUs

The SEBs of various States owe large sums of money to the PSUs under the Department of Coal. The outstanding dues of CIL are given at **Annexure-VI**. The Government constituted an Expert Group Under Shri Montek Singh Ahluwalia, Member, Planning Commission to recommend measures for one time settlement of outstanding dues. The Expert Group has recommended a scheme which consists of scrutinizing the outstanding dues and converting them into state government bonds with a partial waiver. According to this scheme dues outstanding for coal supplied till 28.2.2001 to be eligible for the purpose of one time settlement and may be converted into bonds to be issued by the respective governments. The bonds will be purchased by the PSUs and proceeds will be adjusted in their books of accounts against the outstanding dues of SEBs. The bonds will be tax-free and a tax-free interest rate of 8.5% per annum to be payable every six month. To facilitate marketability and servicing of these bonds, the total amount to be settled may be divided into 20 equal parts and bonds for every part may be issued as a separate tranche. The first tranche may be redeemable after 5 years and each subsequent tranche may be redeemed after every six months thereafter, until all the 20 tranches are redeemed in a period of 15 years. There will be lock – in restriction that would allow release of 10 percent of the bonds every year for trading in the secondary market. In respect of old bonds issued by SEBs, the Group favoured a uniform treatment for all bonds issued after 1.3.98 and recommended their conversion into government bonds at the option of respective state government. The Group however did not recommended reopening of any past settlement except to the extent of conversion of bonds as aforesaid. The principal dues are to be paid in full and interest/ surcharge to be waived by 50%. The State government would receive annual cash incentives equal to 40% of the nominal value of bonds. Delayed payment of dues would attract an interest of 15% per annum compounded on a quarterly basis. With a view to discharging frivolous disputes, the Group recommended that the amount awarded upon settlement of disputes would attract interest @ 12% per annum between 1.3.2001 and the date of actual settlement. In effect, the state would require to pay interest @ 12% and forgo the benefits of a lower rate of 8.5% during the pendency of disputes.

11.2 The recommendations of the Expert Group have been considered by a High Level Empowered Group (HLEG) comprising of Dy. Chairman, Planning Commission, Finance Minister, Minister of Power and nine Chief Ministers. The HLEG has unanimously accepted the recommendations of the Expert Group with two modifications (a) 60% waiver of interest/surcharge instead of 50%; and (b) incentive of 6% in first year and 5% in second year instead of 4%.

11.3 The Department of Coal has decided to enter into one time settlement agreement with various utilities, on lines of Ahuluwalia Committee Report as approved by High Level Empowered Group. The Ministry of Power is in the process of seeking Cabinet approval. To implement this decision of HLEG, the Secretary (Coal) has written to Chief Secretaries of state with dues and CIL/NLC to take necessary steps to implement the recommendations of the HLEG for settlement of outstanding coal sale dues. The Coal India Limited has taken up the matter with respective SEBs/State Governments for initiating steps for implementation of the scheme.

11.4 The implementation of the recommendations of the Expert Group as accepted by the High Level Empowered Group for securitisation of coal sale dues requires the execution of a Tripartite Agreement amongst GOI, RBI and State Governments. The Draft Tripartite Agreement has already been circulated to the coal companies and Secretary (Coal) has written to Chief Secretaries with SEB dues for finalisation of Tripartite Agreement. Ministry of Power is confident of persuading at least half of the States to agree. Andhra Pradesh has already signed and Karnataka and Tamil Nadu are expected to sign the agreement soon. If 9 states agree the bonds may be issued by March 2002.

11.5 The Draft CCEA Note received from MoP has been returned to them by this Department with the request to incorporate in the CCEA Note – (1) Secretary (C) has written to Chief Secretaries of States and UTs to initiate steps to implement the Scheme; and (2) the Department has written to coal companies to take up matter with the respective State Govts. so that coal companies interest are duly incorporated while entering into Tripartite Agreements. Some difficulties relating to apportionment of assets and liabilities have arisen between Bihar and Jharkhand due to which the process of securitisation in these States may be affected. BCCL and CCL have been requested to make an assessment and inform this Department if there are difficulties so that the matter could be taken up further with State governments.

11.6 Madhya Pradesh Government is withholding the process of securitisation as well as execution of the first part of the Tripartite Agreement on the ground that the apportionment of assets and liabilities between MPSEB and Chattisgarh SEB is yet to be finalised. Secretary © has written to Chief Secretary, Govt. of M.P. inviting his attention to Order dated 12.04.2001 issued by Ministry of Power laying down the principles for apportionment of assets and liabilities.

11.7 Department of Coal has also sent a list of Officers of Coal PSUs who shall be co-ordinating with the team set by Power Sector PSUs in various States.

11.8 The outstanding dues of NLC from various SEBs as on 30.9.2001 which form the basis of one-time settlement are as follows:

(Rs. in crore)

SEBs/State	Principal	Interest	Total
Tamil Nadu	1216.87	186.12	1402.99
Karnataka	259.46	195.16	454.62
Kerala	93.22	77.49	170.71
Andhra Pradesh	185.15	386.79	571.94
Pondicherry (UT)	37.10	7.45	44.55
Total	1791.80	853.01	2644.81

11.9 As decided by Department of Coal the NLC Ltd. will go by the scheme of one time settlement of SEBs dues of Ahluwalia Committee Report as approved by High Level Empowered Group. The NLC has taken up the matter with respective SEBs / State Government for initiating steps for implementation of the scheme. The implementation of scheme will ensure financial viability of the company by using the bonds for funding its capacity expansion by either selling them in the market if liquidity permits or borrowing against them. The scheme will set up a mechanism for regular payment of SEBs to NLC through incentives for timely payment, through deduction from central resource transfer by the Ministry of Finance in case of default.

11.10 The Committee are concerned to not that the outstanding dues of Coal PSUs amounts to more than Rs. 10,000 crore. The Committee are of the firm view that such outstandings have deleterious impact on the bottom-lines of coal subsidiaries and will constrain the development of coal and lignite sectors. It is in this context that the Committee welcome the acceptance of Ahluwalia Committee Report on onetime settlement of outstanding dues by the Government. Almost, all the defaulting States have agreed in principle for securitisation of dues, except the Governments of Bihar and Madhya Pradesh, who have expressed their reservation for want of apportionment of assets and liabilities between them and the newly carved States of Jharkhand and Chattisgarh. The Committee hope and trust that apportionment of assets and liabilities between the parent States and the newly formed States would be resolved soon and amicably. The Committee would also like to point out that the outstanding dues once liquidated should be appropriated exclusively for the development of coal and lignite projects which have been

languishing for years together on account of funds constraint and not for meeting contingencies on account of any administrative, wage revision or payment of arrears or like matters. The Committee desire that the Government should ensure that coal subsidiaries are run on commercial lines and on the principle of 'cash and carry' basis. The Government should also ensure that in future none of the utilities default on account of any payment.

K. Rationalisation of Railway Freights

Railways have a system of freight rates for coal in place whereby at a distance of about 500 kms, the cost of freight exceeds the pithead cost of coal charged by the coal companies. The burden on account of railway freight gets further accentuated on account of the telescopic structure of the freight rate of freight increasing over increased distance. The Department of Coal have been corresponding with the Ministry of Railways for rationalisation of railway freight structure since higher freight rates have been making domestic coal very costly at landing point and in comparison to imported coal. The Ministry of Railways so far have not acceded to the request of the Department of Coal for rationalisation saying that operating expenses have increased over the years. Since, coal constitutes major component of freight traffic of the railways, the Ministry of Railways find that even slight reduction in freight will affect them heavily.

Effect of Cross-Subsidisation

12.1 Coal has been a victim of undue cross-subsidization of passenger fares and freight on other items by Indian Railways rendering domestic coal uncompetitive vis-à-vis imported coal. Between the period 1984-85 to 1999-2000, the Railways earning per passenger/km has increased by 245%, that of other goods per tonne/Km. by 222% and that of coal per/tonne/km by 311%. Coal freight being the highest of all earnings for Railways and if rationalised in time, even the coal transported by road could switch over to rail-making more offtake and earning for railways. Despite Department of Coal request, no cut in freight rates in coal has been made so far. In the last two years 2000-01 and 2001-02 coal freight hike was has been restricted to 2% increase. However, in the earlier years there have been increases ranging from 6% to 12% resulting in uncompetitive landed cost of coal. Financially, weaker PSUs viz. ECL, BCCL and CCL have suffered the most since coal from these sectors are transported over long distances towards West and South where many core industries are dependent on the coal mined from these sectors. States like Gujarat have been importing coal though in small quantities – as the landed cost of domestic coal is prohibitively higher, due to the steep hikes over years in the railway freight.

12.2 In the Railway Budget 2002-03 there is a proposal to hike the railway freight on coal by about 0.83% on an average lead of 700 kms and by 1.2% for distances more than 800 kms. The Department of Coal is proposing to take up the matter with the Railways to reconsider the proposal so as to keep the landed cost of coal at par with other items mainly steel for making the coal sector remain competitive.

12.3 Supplementing further, the Secretary, Coal during evidence before the Committee stated as under: -

> "Over a period of time, the Railways for various reasons have been reluctant to increase passenger fares. On the other hand they have been very steeply increasing the freight rates and in freight also they have been increasing the freight of coal to a larger extent than freight on a certain other commodities. The position which has emerged over a period of time is that freight is subsidising passenger fares and within freight, coal freight is subsidising other freights. So it has become imperative that we should have a rationalisation of rate of freight so that Railways charge from the coal industry what it actually costs them to move that coal and plus a little margin beyond that and no horrendous add on to be able to subsidise other commodities or to subsidies passengers. It is heartening to note that in the Budget which has just been presented to Parliament, there is a significant increase in passenger fares. The increase in coal tariff is not as significant. So, the trend which is now emerging is that cross subsidization is being reduced. It will perhaps take two to four years to completely do away with this cross-subsidisation. But the Government, the Parliament and this Committee must consciously be aware that we have to move in this direction. If we do not do so, we will reach a situation where at least in the littoral States like Tamil Nadu, Maharashtra and Gujarat, because of high freight on coal, the landed cost of the imported non-coking coal will be cheaper than the cost of the indigenous coal which has to be transported over considerable distance."

12.4 The Committee find that the share of rail transport, in carrying national cargo is 40% and remaining 60% is hauled by road. Further, 54% of all coal is transported by Rail and the contribution of Road, Merry Go Round (MGR), is 18% and 22%, respectively. Indian Railways earned more than 48% of their freight revenue from transportation of coal. Sadly, the Railways have resorted to cross-subsidisation of passenger fares and freight on other commodities, at the cost of Indian coal, thereby rendering domestic coal uncompetitive vis-à-vis imported coal. The Committee do not approve of cross-subsidisation of freight at the cost of Indian coal. The Committee while sharing the concern of Secretary (Coal) in pitching the freight of coal, very high, recommend that the Government should rationalise the coal freight so as to ensure that all the commodities hauled by Indian Railways are subjected to uniform freight rates, irrespective of the distance and classification. At the same time, the Committee desire that the Government should consider the alternative economic means of transportation of coal, including the option of "coal slurry pipeline technology", in vogue in USA, for the transportation of coal. However, 'R&D', efforts are required to be pursued vigorously, for successful application of this proven technology within the country. The Committee would like to be apprised of the action taken by the Government in this regard.

L. Revival of Loss-Making Companies

The Central Coalfields Limited, Eastern Coalfields Limited and Bharat Coking Coal Limited are the three subsidiaries of CIL running under losses. The losses during the year 2000-01 are as under: -

CCL	Rs. 792.91 crore
ECL	Rs. 917.19 crore
BCCL	Rs. 1276.70 crore

13.2 The reasons for losses in these subsidiaries are as under: -

(i) Large number of deep old mines, mainly underground, and fine coal seams adjacent to the mining area.
(ii) Un-economical mines on account of small size and exhaustible reserves.
(iii) Surplus manpower engaged in these three companies.
(iv) Reduced demand of coking coal and competition from imported coking coal.
(v) Adverse geo-mining condition.
(vi) Incidence of fire in BCCL & CCL.

13.3 A restructuring plan for the revival of these coal subsidiaries was undertaken. When the Committee enquired about the proposals of restructuring plan, the Department of Coal in a note furnished to the Committee submitted as under: -

"In February, 1996, a package for capital restructuring of CIL was approved by the Government whereby CIL's overdue liabilities of Rs. 2,228.57 crore were taken care of by waiver of arrears of interest, partly by conversion to preference equity and partly by moratorium on repayment and interest accrual. These benefits were passed on to the loss making subsidiaries such as ECL and BCCL. Further, in order to improve the performance of ECL and BCCL, CIL had effected an internal restructuring of the equity and loan structure of its subsidiaries, whereby debts of Rs. 994 crore in ECL and Rs. 1,180.70 crore in BCCL were converted into equity. Despite a number of measures taken to improve the financial position of the loss making companies, these companies continue to incur losses. Therefore, Coal India Limited, the holding company, has engaged Industrial Credit and Investment Corporation of India Limited (ICICI) to suggest measures for revival of BCCL and ECL. The ICICI report on BCCL is awaited and report on ECL revival was received and examined in the Department. The report of ICICI has not been found acceptable by the Government. However, a revised revival package has been worked out for revival of ECL by CIL. Since ECL has been referred to BIFR as a sick industrial company and BIFR have appointed SBI as an Operating Agency to cause a revival plan prepared for submission to it, ECL have submitted the aforesaid revised revival package to the Operating Agency. CIL Board has engaged IDBI for suggesting revival plans for CCL which is awaited. BCCL and CCL have also been referred by their respective Board of Directors to BIFR as sick industrial companies.

13.4 Supplementing further Secretary, Coal during evidence depose before the Committee as under: -

"We had commissioned ICICI to do a study on ECL. The ICICI study came up with a recommendation that 60,000 workers should be retrenched and over sixty mines should be closed. While this could have been justified on economic grounds, unfortunately we cannot govern a country like India only on the basis of economics. That report was unworkable because it did not look at the social and political realities in the areas in which this report was to be implemented. It was, therefore, a non-starter. The report was referred to the Comptroller General of Accounts. He came up with suggestions which were equally unworkable. In the negotiations which took place with the trade unions the decision was that the trade unions also should get an opportunity to give to the Government their suggestions about which we should do for the revival of these three sick companies. Accordingly, discussions have been held in each one of the three companies at the area level. Subsequently, the Boards of each of these three companies have considered rehabilitation packages. These three packages are now before the Coal India Board which will then be passed on to the Government for consideration.

He further stated:

"Our own reading is that CCL should get of the woods next year itself. We are anticipating that next year itself, CCL should be able to make profits. Out reading is that ECL should turn the corner in 2-3 years with a little restructuring and repeal of the cess which the West Bengal Government has levied which we hope to internalize. Once the cess is rationalised, ECL should be able to turn the corner in three years time. BCCL is in a much more difficult situation. We must have a much closer look. At this stage, I am frankly not in a position to commit that it will be possible to turn around BCCL. We will be able to take a view only after we have a look at the rehabilitation package which is before us."

13.6 The Committee are constrained to note the huge loss being incurred by BCCL, ECL and CCL. The Board of Directors of these coal subsidiaries have already considered the revival package and transmitted it to the Coal India Limited. The Committee desire that the Government should consult the Trade Union of these Trade Unions before finalisation of the revival so that these subsidiaries can make a turn around at the earliest. The Committee desire that they may be apprised of the outcome.

13.7 The Committee have been informed that some of the coal subsidiaries, specially ECL, have desired one time financial assistance for the purchase of equipments for want of which production has been hampered. The Committee desire that in the interest of improving productivity, Government should consider their request favouably, subject to the condition that these machines and equipments attain the prescribed availability and utilization norms, as fixed by CMPDIL. The Committee are, however, constrained to note that some of the machines and equipments, specially winders and coal cutting machines used in underground mining are lying idle in ECL. The Committee would like to be apprised of the reasons therefore and the production and revenue loss, as a result of idling of these machines. The Committee would like ECL to take necessary steps for gainful utilisation of these machines and apprise them of the outcome. The Committee also recommend that the marketing of coal needs to be improved systematically. The present system of coal linkages enable any fictitious company to purchase coal from CIL at a cheaper rate and sell it to the actual consumers at a higher rate. The Committee therefore, recommend that coal subsidiaries should be permitted to sell coal directly to the consumers which will benefit the subsidiaries and improve their financial health.

13.8 The Committee have observed that theft and pilferage of coal and illegal mining activities are depriving the subsidiaries of a huge resources, especially in ECL & BCCL. In the opinion of the Committee, the prevalent corruption needs to be nipped in the bud. In this context, the Committee recommend that the Management of coal subsidiaries and local administration should make joint efforts

to check the malpractice prevailing in the industry. The Committee would like to be apprised of the outcome thereof.

13.9 The Committee are constrained to observe that the Government did not favour the amalgamation of all the coal subsidiaries. The Committee would like the Government to apprise them of the reasons, which weighed against merger of coal subsidiaries. The Committee are of the considered view that for the sake of improving the financial health of the coal sector and savings to accrue, amalgamation is a pre-requisite. The Committee have been informed that CIL had commissioned a study by KPMG on the meger option for coal subsidiaries are in agreement with the recommendations of KPMG report, which had unanimously recommended the merger of all the coal subsidiaries. The Committee desire that the Government should reconsider their decision taking into consideration the report by KPMG and apprise them of the outcome thereof.

M. Neyveli Lignite Corporation

One of the new schemes proposed to undertake by Neyveli Lignite Corporation (NLC) is Barsingsar Power Project. An MoU was signed among the Government of India, Government of Rajasthan and NLC in November, 1987 for developing a lignite mine of capacity of 1.7 million tonnes per annum at a cost of Rs. 242.31 crore and setting up of 240 MW (2x120 MW) lignite based power plant at a cost of Rs. 585.73 crore. The project was sanctioned by the Government of India in April, 1991 at a total estimated cost of Rs. 828.04 crore. Subsequently, due to non-availability of funds, Government of India decided to drop the project. In October, 1996, M/s. Hindustan Vidhyut Corporation (HVC) was selected as the sponsor by the Government of Rajasthan for this project, since there is no progress in respect of HVC, NLC has proposed to take over the project. Government of Rajasthan is expected to reallocate the project to NLC. Preparation of feasibility report by NLC is in progress.

14.2 Enquired about the latest status of the project, the Department of Coal in a note furnished to the Committee stated that NLC has proposed to take up Barsingsar Lignite Power Project. Draft Memorandum of Understanding (MoU) is under discussion between NLC and Govt of Rajasthan. Feasibility Reports for the Projects for Barsingsar are under preparation by CMPDIL & MECON for Mine and Power respectively. A sum of Rs.1.75 crore has been provided in RE 2001-02 Plan Outlay for the preparation of Feasibility Reports and other Advance Actions. Feasibility Reports will be submitted to Govt. for the sanction of the project. A sum of Rs.65 crore is provided for in BE 2002-03 for Plan Outlay towards Mine and Thermal Power Station at Barsingsar in Rajasthan.

14.3 When the Committee desired to know the details about the delay in the execution of the project in spite of Rs. 47.00 crore having been spent on the project, the Secretary, Coal during the evidence before the Committee stated as under: -

> "The Government of India sanctioned the Barsingsar Project for implementation by Neyveli. Neyveli got mobilized on the ground. They got the land. They got the

environmental clearance. The project report was there. At that stage, they ran into fund problems. You recall that the early nineties was when Plan devolutions to the public sector started drying up. The Government of India consciously took a decision that internal resources would have to be used for investment by the public sector. With no funds coming forth the Government of India and Neyveli also not generating adequate resources, it was not possible for Neyveli to proceed with Barsingsar project in Rajasthan. The Government of India, then, consciously unsanctioned the project. The project which was sanctioned in 1993, if I may use the word, "it was cancelled, it was unsanctioned." The Rajasthan Government then floated international tenders. The Central India Power Company of Mr. Modi got the contract. For five or six years, he did nothing. Finally, the Government of Rajasthan have cancelled the agreement they had with Mr. Modi, last year. They asked the Government of India whether we were now interested. Since, the fund position of Neyveli has improved during the last five or six years, they are starved of projects and not funds now. We promptly said 'yes'. As a sequel of that, a Memorandum of Understanding has been drafted by the Government of Rajasthan. It has been considered by the Neyveli Board. The Rajasthan Government has now to respond finally to the MoU. Once the MoU is approved by the Government of India, the revised project, which has already been formulated, will come to the Government of India for sanction……..The cancellation was done only six months ago. Mr. Modi is still threatening to go to the court."

14.4 When the Committee further asked whether the clearance would have to be obtained de novo, the Secretary, Coal stated as under: -

"The land is ours, but we have to take fresh clearances now. All the clearances have lapsed. We have to get fresh sanction from the PIB and CCEA. CEA has to approve the power sharing agreement. The Rajasthan Government wants that the entire generation of power should go only to Rajasthan. Rajasthan will have to sort that out with the Power Ministry because it is an agreement or an arrangement which is contrary to the current policy of the Government of India on sharing of power. So, the whole thing has to start de novo and we are in the process now. The process of project formulation, MoU, clearances, all that has been initiated now. But you must bear with us. The contract with Modi was cancelled six months ago.…. I would like to assure you that we are very keen on the Barsingsar Project and we are moving ahead very fast. You could check up with the Rajasthan Government. We have not been tardy on this issue."

14.5 Furnishing the details of NLC proposal to set up Chennai Petroleum Corporation Refinery Residue Based-Power Project in Chennai, the Department of Coal in a note furnished the following information:

"The proposal to establish a refinery residue based power plant for 500 MW at Chennai in joint venture with Chennai Petroleum Corporation Limited (CPCL) is under consideration. Expression of Intention (EOI) has been signed on 5.02.2002 between NLC and CPCL for the formation of the joint venture subject to all administrative and statutory approvals. Discussions are being held with CPCL for the preparation of Feasibility Report for the Project and modalities of implementation. A sum of Rs.21 crore has been provided for this project in BE 2002-03."

14.6 NLC was incurring heavy losses on account of fertilizer and briquetting and carbonization plants. Commenting upon their latest status, the Department of Coal in a note furnished to the Committee informed that study of ICICI to determine the commercial viability of Fertilizer and B&C Plants has concluded that both the projects are commercially unviable and recommended the plants be hived of and disposed of to interested third parties. If it is not possible to find willing parties, the closure of the plants was recommended. After detailed examination, NLC Board of Directors have approved the proposal to close the B&C Plant. As regards Fertilizer Plant, the subject matter is under advanced stage of consideration of the Management.

14.7 The Committee note that in spite of incurring an expenditure of Rs. 43.09 crore on Barsingsar Lignite-cum-Power project (2x120 MW) it is still under negotiations. The Committee would like to recall that the project was sanctioned in April, 1991 at an estimated cost of Rs. 828.04 crore. But, due to fund constraint the project could not proceed further. As a result, it was handed over to private developers by the Government of Rajasthan. The Committee note that even the private developers failed to start the project in spite of allotment of land by Rajasthan Government. It is understood that the Government of Rajasthan has now cancelled the contract with private developers. The Committee, further, note that the Department of Coal and Neyveli Lignite Corporation (NLC) is keen to develop the project themselves. Accordingly, Rs. 1.75 crore has been provided as Plan outlay for preparation of Feasibility Report and other advance actions. A sum of Rs. 65.00 crore has been provided for in the budget estimates 2002-03 for Plan outlay towards Mine and Thermal Power Station at Barsingsar in Rajasthan. The Committee are constrained to note that all the statutory clearances accorded to NLC earlier will have to be obtained afresh. The Committee desire that budgetary allocation for preparation of Feasibility Report and Plan outlay towards mine and thermal power plant should be gainfully utilised and not downsized at RE stage. Accordingly, adequate steps should be taken in time in this regard. The Committee also recommend that the project should be executed expeditiously and statutory clearances and other issues like Power Purchase Agreement (PPA) should be entered into expeditiously.

14.8 The Committee have also noted that NLC proposed to take up Chennai Petroleum Corporation refinery residue based power project at Chennai. A sum of Rs. 21.00 crore has already been provided for the project. The Committee desire that NLC should take up this and other pending projects at the earliest. The Committee have observed that the authorised capital of NLC is Rs. 2000 crore and paid up capital is Rs. 1677.71 crore. The company is making profits and reserves and surplus as on 31.3.2001 stands at Rs. 3291.59 crore. Taking into consideration

the sound financial position of the company, the Committee hope that the project should be completed as per schedule and recommend that NLC should also ensure all necessary clearances, etc. for the project to avoid cost and time overruns. The Committee have observed that the disinvestments of share of face value of Rs. 108 crore in favour of the FIs, Mutual Funds and Employees. The Committee recommend that in case of any further investment it should be in favour of employees so that additional resources generated could be utilised for future projects.

14.9 The Committee further note that NLC was incurring heavy losses on account of fertilizers, briquetting and carbonization plants. Now a study commissioned by ICICI have concluded that both the projects are commercially unviable and the plants be hived of and disposed of to a third party or may also consider the closure of the plants. The Committee have noted that NLC Board of Directors have approved the proposal for closure of briquetting and carbonization plant. The Committee welcome the action taken on the part of NLC and recommend that the fertilizer plant should also be closed down as it is drying up the scarce resources of NLC.

Annexure-II
(Vide Para 2.9 of the Report)

Coal India Limited

(Rs. crore)

		IR	**Bonds**	**Suppliers Credit**	**Others Additional Resource Mobilisation**	**Total IEBR**
1999-00	BE	600.00	0.00	1455.60	445.90	2501.50
	RE	344.73	0.00	1595.49	605.00	2545.22
	Actual	690.37	0.00	1548.32	400.00	2638.69
2000-01	BE	888.91	0.00	1379.24	435.00	2703.15
	RE	1268.95	0.00	0.00	405.76	1674.71
	Actual	726.25	0.00	0.00	311.54	1037.79
2001-02	BE	1212.12	0.00	0.00	1051.91	2264.03
	RE	155.08	0.00	0.00	1318.40	1473.48
	Actual upto Jan, 2002	778.78	0.00	0.00	56.59	835.37
2002-03	BE	632.85	0.00	0.00	1541.67	2174.52

Singareni Collieries Company Limited

		IR	Bonds	Suppliers Credit	Others Additional Resource Mobilisation	Total IEBR
1999-00	BE	83.39	0.00	0.00	72.00	155.39
	RE	89.52	0.00	0.00	87.00	176.52
	Actual	71.17	0.00	0.00	37.00	108.17
2000-01	BE	199.21	0.00	0.00	64.00	263.21
	RE	55.39	0.00	0.00	115.00	170.39
	Actual	31.25	0.00	0.00	64.00	95.25
2001-02	BE	265.00	0.00	0.00	90.00	355.00
	RE	- 310.00	0.00	600.00	0.00	290.00
	Actual up to Jan, 2002	0.00	0.00	110.27	0.00	110.27
2002-03	BE	405.00	0.00	0.00	0.00	405.00

Neyveli Lignite Corporation

		IR	Bonds	Suppliers Credit	Others Additional Resource Mobilisation	Total IEBR
1999-00	BE	35.00	200.00	268.09	167.16	670.25
	RE	232.91	0.00	243.95	200.00	676.86
	Actual	259.92	0.00	142.44	166.79	569.15
2000-01	BE	275.44	0.00	333.01	200.00	808.45
	RE	290.85	0.00	283.23	200.00	774.08
	Actual	364.70	0.00	251.62	125.66	741.98
2001-02	BE	224.92	100.00	181.20	200.00	706.12
	RE	713.70	0.00	183.06	0.00	896.76
	Actual upto Jan, 2002	229.28	0.00	100.41	133.36	463.05
2002-03	BE	567.29	0.00	17.66	0.00	584.95

ANNEXURE-V

(Vide Para 6.3 of the Report)

PROFORMANCE OF MAJOR U/G EQUIPMENT

YEAR	SDL											
	ECL		BCCL		CCL		WCL		MCL		SECL	
	Avl %	Utl %	Avl %	Utl %	Avl %	Utl %	Avl %	Utl %	Avl %	Utl %	Avl %	Utl %
97-98	79	63	82	88.6	91.3	88.6	97	108	88	98	96.6	107
98-99	88	60	79	85	93.8	77.7	95	88	91	90.6	95.7	115
99-00	83	60	94	87	85	84.5	98	96	100	95	95	92
00-01	78	54	97	82	80	86.3	97	94	100	94	94	90
01-02	95	66	97	82	84	64	96	83	100	95	96	90
	LHD											
97-98	77	59	91	103	85.4	103	83	73	-	-	90.9	122
98-99	89	80	100	90	85.9	87.5	93	61	-	-	100	111
99-00	83	75	100	87	82	113	95	68	100	93	100	98
00-01	84	81	100	82	82	120	91	89	100	100	96	92
01-02	84	85	100	83	73	109	100	76	100	95	100	92
	LWPS											
97-98	50	62	43	85	-	-	-	-	-	-	-	-
98-99	65	60	43	80	-	-	-	-	-	-	100	85
99-00	NA	NA	43	87	-	-	-	-	-	-	100	90
00-01	NA	NA	14	82	-	-	-	-	-	-	95	90
01-02	50	50	43	81	-	-	-	-	-	-	100	82
	BELT CONVEYOR											
97-98	87.5	80	85	101	96.7	101	95	100	100	98	96.2	91
98-99	90	84	85	85	97.4	99.6	97	97	100	100	94.5	88.2
99-00	91	82	85	87	92	96	95	100	100	100	92.5	89.3
00-01	88	81	85	82	92	95	96	100	100	100	91	80
01-02	92	83	85	80	95	91	95	90	100	100	90	86

SUBSIDIARY WISE AVAILABILITY OF DRAGLINES DURING IX PLAN PERIOD

(CMPDI NORM - 85 %)

SUBSIDIARY	97-98	98-99	99-00	00-01
	AVG. AV.	AVG. AV.	AVG. AV.	AVG. AV.
	(%)	(%)	(%)	(%)
ECL	87	81	65	85
BCCL	70	68	66	70

WCL	73	76	74	77
SECL	79	81	79	77
NCL	82	80	80	79
MCL	76	83	76	71
CIL	79	80	77	77
SCCL	74	68	78	75

SUBSIDIARY WISE STD. UTILIZATION OF DRAGLINES DURING IX PLAN PERIOD

(CMPDI NORM – 73 %)

SUBSIDIARY	97-98	98-99	99-00	00-01
	AVG. UT.	AVG. UT.	AVG. UT.	AVG. UT.
	(%)	(%)	(%)	(%)
ECL	67	57	55	73
BCCL	52	46	51	53
WCL	68	69	68	69
SECL	66	67	66	61
NCL	75	73	73	72
MCL	61	71	58	56
CIL	68	69	67	66
SCCL	60	56	57	62

SUBSIDIARY WISE AVAILABILITY OF ELECTRIC ROPE SHOVELS DURING IX PLAN PERIOD

(CMPDI NORM - 80 %)

SUBSIDIARY	97-98	98-99	99-00	00-01
	AVG.AV.	AVG.AV.	AVG.AV.	AVG.AV.
	(%)	(%)	(%)	(%)
ECL	63	62	68	69
BCCL	66	65	69	66
CCL	69	68	67	69
WCL	64	71	71	75
SECL	65	68	68	71
NCL	66	62	62	66
MCL	73	73	77	75
CIL	67	67	68	70
SCCL	64	68	70	70

SUBSIDIARY WISE STD. UTILIZATION OF ELECTRIC ROPE SHOVELS DURING IX PLAN PERIOD

(CMPDI NORM - 58%)

SUBSIDIARY	97-98	98-99	99-00	00-01
	AVG. UT.	AVG. UT.	AVG. UT.	AVG. UT.
	(%)	(%)	(%)	(%)
ECL	29	31	28	35
BCCL	48	45	50	49
CCL	32	34	33	34
WCL	37	35	31	35
SECL	37	40	40	43
NCL	36	38	35	36
MCL	37	36	38	33
CIL	36	37	37	38
SCCL	32	32	34	36

SUBSIDIARY WISE AVAILABILITY OF HYDRAULIC SHOVELS DURING IX PLAN PERIOD

(CMPDI NORM – 80 %)

SUBSIDIARY	97-98	98-99	99-00	00-01
	AVG. AV.	AVG. AV.	AVG. AV.	AVG. AV.
	(%)	(%)	(%)	(%)
ECL	57	52	62	57
BCCL	65	63	59	60
CCL	64	64	63	66
WCL	67	67	70	69
SECL	63	64	59	62
NCL	64	63	63	68
MCL	58	62	59	72
CIL	64	63	63	65

SUBSIDIARY WISE STD. UTILIZATION OF HYDRAULIC SHOVELS DURING IX PLAN PERIOD

(CMPDI NORM - 61 %)

SUBSIDIARY	97-98	98-99	99-00	00-01
	AVG. UT.	AVG. UT.	AVG. UT.	AVG. UT.
	(%)	(%)	(%)	(%)
ECL	28	27	25	27
BCCL	48	47	43	43
CCL	28	28	28	31
WCL	46	42	41	40
SECL	26	26	24	28

NCL	20	19	18	20
MCL	28	27	26	29
CIL	35	33	33	34

SUBSIDIARY WISE AVAILABILITY OF DUMPERS DURING IX PLAN PERIOD

(CMPDI NORM - 67 %)

SUBSIDIARY	97-98 AVG. AV. (%)	98-99 AVG. AV. (%)	99-00 AVG. AV. (%)	00-01 AVG. AV. (%)
ECL	54	54	63	62
BCCL	53	53	52	49
CCL	53	53	56	61
WCL	60	63	63	65
SECL	63	66	67	70
NCL	57	58	59	63
MCL	64	65	69	70
CIL	57	58	61	63
SCCL	50	56	62	61

SUBSIDIARY WISE STD. UTILIZATION OF DUMPERS DURING IX PLAN PERIOD

(CMPDI NORM - 50 %)

SUBSIDIARY	97-98 AVG. UT. (%)	98-99 AVG. UT. (%)	99-00 AVG. UT. (%)	00-01 AVG. UT. (%)
ECL	24	23	22	27
BCCL	31	30	31	29
CCL	20	21	22	23
WCL	31	28	29	29
SECL	28	28	28	28
NCL	27	25	23	27
MCL	26	23	22	21
CIL	26	26	26	27
SCCL	22	22	23	27

SUBSIDIARY WISE AVAILABILITY OF DRILLS DURING IX PLAN PERIOD

(CMPDI NORM – 78 %)

SUBSIDIARY	97-98 AVG. AV. (%)	98-99 AVG. AV. (%)	99-00 AVG. AV. (%)	00-01 AVG. AV. (%)
ECL	63	56	70	70
BCCL	53	55	53	50

CCL	62	61	62	62
WCL	63	64	69	70
SECL	71	74	68	65
NCL	75	79	76	73
MCL	60	63	64	69
CIL	64	65	65	65
SCCL	-	-	-	-

SUBSIDIARY WISE STD. UTILIZATION OF DRILLS DURING IX PLAN PERIOD

(CMPDI NORM – 40 %)

SUBSIDIARY	97-98	98-99	99-00	00-01
	AVG. UT.	AVG. UT.	AVG. UT.	AVG. UT.
	(%)	(%)	(%)	(%)
ECL	13	13	12	13
BCCL	21	23	22	21
CCL	17	15	16	16
WCL	26	24	21	20
SECL	23	23	24	22
NCL	21	22	22	19
MCL	21	20	19	15
CIL	20	20	19	18
SCCL	-	-	-	-

SUBSIDIARY WISE AVAILABILITY OF DOZERS DURING IX PLAN PERIOD

(CMPDI NORM - 70 %)

SUBSIDIARY	97-98	98-99	99-00	00-01
	AVG. AV.	AVG. AV.	AVG. AV.	AVG. AV.
	(%)	(%)	(%)	(%)
ECL	46	47	50	50
BCCL	47	49	47	47
CCL	50	49	52	49
WCL	57	59	60	66
SECL	54	58	58	64
NCL	66	67	68	69
MCL	53	53	62	64
CIL	54	56	58	60
SCCL	50	52	58	60

SUBSIDIARY WISE STD. UTILIZATION OF DOZERS DURING IX PLAN PERIOD

(CMPDI NORM – 45 %)

SUBSIDIARY	97-98	98-99	99-00	00-01
	AVG.	AVG.	AVG.	AVG.

	UT.	UT.	UT.	UT.
	(%)	(%)	(%)	(%)
ECL	20	21	20	22
BCCL	27	26	26	26
CCL	20	20	19	18
WCL	25	27	24	24
SECL	21	22	19	22
NCL	17	18	15	16
MCL	22	20	20	19
CIL	22	22	20	20
SCCL	28	28	28	31

ANNEXURE-VI
(Vide Para 11.1 of the Report)

OUTSTANDING DUES (INDICATIVE) PAYABLE BY SEBs TO COAL INDIA LIMITED

Sl No.	SEBs/ States	Coal India Ltd.		
		PRIN	INTT	TOTAL
1.	Tamil Nadu	391.80	160.49	552.29
2.	Karnataka	0.40	0.00	0.40
3.	Kerala	0.00	0.00	0.00
4.	Andhara Pradesh	63.40	11.08	74.48
5.	Pondichhery	0.00	0.00	0.00
6.	Assam	0.00	0.00	0.00
7.	Bihar	222.70	1.97	224.67
8.	DVD	18.82	29.29	48.11
9.	Gujarat	676.35	267.94	944.29
10.	Harayana	21.68	87.18	108.86
11.	Maharastra	711.19	862.39	1573.58
12.	Madhya Pradesh	1045.45	248.95	1294.40
13.	Punjab	254.31	49.47	303.78
14.	Rajasthan	62.57	34.75	57.32
15.	Uttar Pradesh	380.78	541.34	922.12
16.	West Bengal	13.23	187.87	201.10
17.	Jammu Kashmir	0.00	0.00	0.00
18.	Orissa	12.44	1.14	13.58
19.	Himanchal Pradesh	0.00	0.00	0.00
20.	Chandigarh	0.00	0.00	0.00
21.	Tripura	0.00	0.00	0.00
22.	West Bengal PDCL	625.03	454.05	1079.08
23.	TVNL	0.00	0.00	0.00
24.	KPCL	0.00	0.00	0.00
25.	DVC	0.00	0.00	0.00
26.	THD	0.00	0.00	0.00

27.	Others	0.00	0.00	0.00
28.	Jharkhand	5.32	0.00	5.32
29.	DRL(West Bengal)	230.48	138.11	368.59
30.		0.00	0.00	0.00
	Total	4735.95	3076.02	7811.97